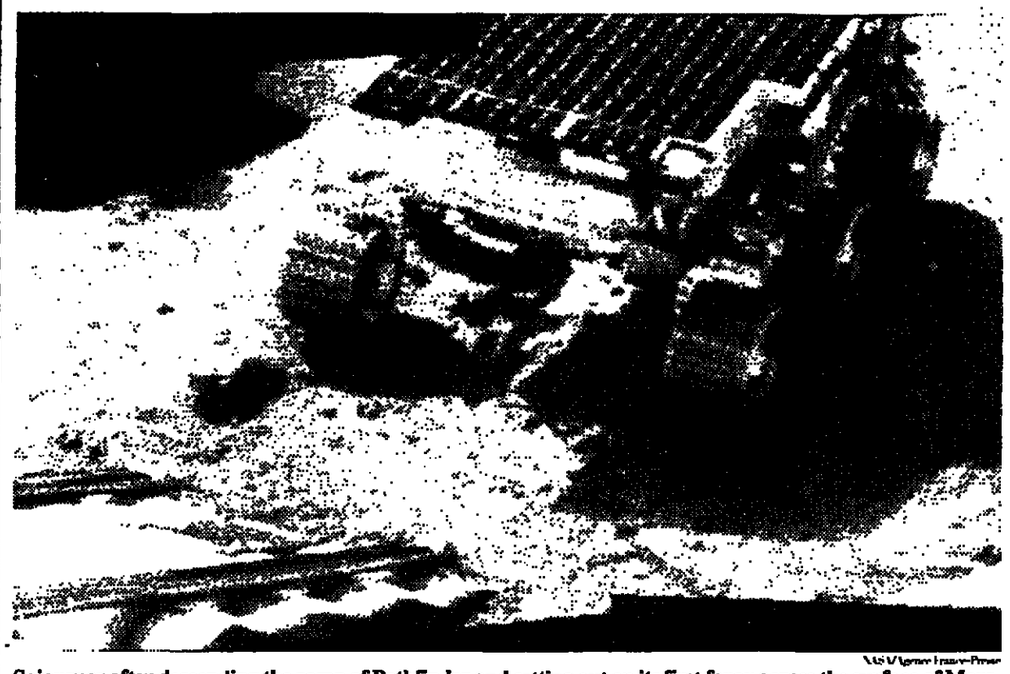
Herald INTERNATIONAL Tribune

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TODAY: SPORTS

'Magical Day' as Rover Sets Out on Mars Probe



NASA/Agence France-Presse

Sojourner after descending the ramp of Pathfinder and setting out on its first foray across the surface of Mars.

By Kathy Sawyer
Washington Post Service

PASADENA, California — The Pathfinder spacecraft's robot rover stood up from a crouched position and tentatively rolled down a ramp as it became the first mobile entity to explore the surface of Mars on Sunday.

Like a dog waking up from a nap and stretching its legs, the 23-pound (10-kilogram) Sojourner rover responded to commands from its masters on Earth and rose from its bed on the foot of its mother ship.

Simultaneously, pyrotechnic devices released flexible metal ramps, which extended in front and behind the remote-controlled rover.

Commands radioed Sunday sent the robot's six spiked metal wheels slowly venturing down the rear ramp onto the smooth sandy surface, where it made one or two practice turns and began sniffing the dusty reddish-orange dirt with a scientific probe.

"It's been another magical day on Mars," said Brian Muirhead, the Pathfinder's flight systems manager.

The two-foot-long (half-meter), one-foot-tall rover's first tentative movement set the stage for a full-scale exploration of the rugged terrain around Pathfinder's landing site, with the lander and the rover transmitting scientific data and dozens of high-resolution color pictures of each other in the harsh Martian environment.

Sojourner's activation came after ground controllers at NASA's Jet Propulsion Laboratory resolved a worrisome communication breakdown that had delayed the deployment.

For 12 hours, the glitch had marred an otherwise near-perfect performance by the spacecraft since it bounced in a cocoon of giant air bags to a safe landing Friday to begin the first exploration of Mars in 21 years.

Mars site elates scientists. • Rover is surprisingly cheap. Page 2.

Exhausted but elated after the landing, mission managers said they had several reasons for pushing to get the rover off the lander as rapidly as possible. Sitting on top of one solar panel, the rover was blocking the sun and draining the lander's power.

Besides, said Donna Shirley, manager of the Mars exploration program, "It's a lazy bum and not working."

Members of the science team had already selected at least two target rocks for the rover to analyze out of a rich trove visible in the badlands terrain

See MARS, Page 7

Hun Sen Declares Victory in Cambodia

No. 2 Prime Minister Denies Any Coup; Phnom Penh Is Calm

By Seth Mydans
New York Times Service

PHNOM PENH — Two days of heavy gunfire ended abruptly late Sunday with Second Prime Minister Hun Sen declaring victory and a white flag rising over the residence of his rival, First Prime Minister Prince Norodom Ranariddh.

But it was unclear whether the armed confrontation between the two had ended. Prince Ranariddh was abroad, but officials of his royalist party said they had not given up.

As the booming of mortars, rockets and tank fire fell silent, Mr. Hun Sen launched into a two-hour radio address in which the former Communist called the prince "a traitor" who should be put on trial.

"Ranariddh has committed illegal acts," Mr. Hun Sen said, "and a criminal court is preparing to charge him."

Denying that his actions amounted to a coup, he said the royalist party should select a new leader to replace the prince as co-prime minister.

He called Prince Ranariddh a "bone in the throat" of Cambodia and said lower-ranking members of the party who renounced him would be welcome to retain their government posts.

But diplomats said it would not be so easy to restore a functioning democratic government. In the long run, they said, Mr. Hun Sen's armed action was likely to cause further conflict in this already unstable nation.

"It is difficult to see what kind of government can emerge from this," a Western diplomat said. "Clearly the two prime ministers can't work together.

"We don't know if the fighting is over," he added. "We don't know what happens next."

The diplomats also said the political neutralization of Prince Ranariddh and his top aides had derailed for now any possibility of the seizure and trial of Pol Pot, the Khmer Rouge leader. It was the prince's overtures to Khmer Rouge leaders — suggesting a possible political and military alliance with them — that had helped provoke Mr. Hun Sen's assault on his forces.

Since a reported split in the Khmer Rouge leadership three weeks ago, Prince Ranariddh has encouraged hopes that Pol Pot could be turned over to an international tribunal. From 1975 until he was ousted by a Vietnamese invasion in 1979, the dictator led a brutal regime under which more than 1 million Cambodians died.

"This certainly puts any trial on hold for the foreseeable future," said Steve Heder, a lecturer at the University of London who specializes in the Khmer Rouge. "They are certainly not going to

See CAMBODIA, Page 7

For Germany, No Doubts on NATO

Expansion Surrounds It With Friends and Gives It a Victory

By John Vinocur
International Herald Tribune

MADRID — In one very important place, at least, there is no resistance or doubt concerning NATO expansion: In Germany, it is a historical victory, a vision of peace come to the country's eternally turbulent doorway.

In the United States, expansion is mostly a matter of cost and new and uncertain responsibilities. In France, it involves domestic party positioning and proving a French international presence through contrarian politics. Even in the eastern European countries likely to enter the North Atlantic Treaty Organization — Poland, Hungary and the Czech Republic — there is concerned debate about whether the money to be spent could not be better used on economic development than arms and infrastructure.

NEWS ANALYSIS

But for Germany, the issue is elsewhere. The expanded alliance means that for the first time in its history, the German nation will be surrounded, signatures at the bottom of the treaty, by sworn friends.

The centuries-long tortures of insecurity to its east, whether real or imagined or manufactured by the Germans themselves, can fade into insignificance with Poland's NATO membership and Russia's active involvement in a cooperation agreement with the alliance at its new eastern border.

In the rosiest of perspectives, it is as if Germany were overcoming its own geography, with its peaceful habits of the last 50 years now being matched by the coming of a political reality that makes Germany an objectively less intimidating place for all of its neighbors.

There is no German triumphalism here: the fragility of the expansion process itself and the gray habits of postwar German diplomacy rule it out.

Yet the obviousness and the enorm-

See EUROPE, Page 7

NATO Puzzle: Can It Still Be Effective?

By Craig R. Whitney
New York Times Service

PARIS — When President Bill Clinton and other NATO leaders meet in Madrid on Tuesday to open the alliance to formerly Communist countries in Central Europe, the big question is not really which ones will join.

It is, instead, whether an expanded alliance can continue to provide security and stability in a region rife with ethnic and nationalistic tensions, like the ones that tore Bosnia-Herzegovina apart.

Such tensions are the one immediate threat to European security today, and it was in Bosnia that the alliance's relevance to them was first tested.

Led by the United States, NATO first minimized and later met that challenge. But it stumbled considerably before finally accepting the use of American air power to stop Bosnian Serb aggression in the summer of 1995. This stumbling was in large part because the Clinton administration misread the conflicting signals from its European allies. They had kept saying no to U.S. proposals for strong military action but would have said yes if Washington had been more insistent. There is, for some, a lesson in that experience.

Italy presses to include Romania and Slovenia in NATO. Page 10.

In a report, leading members of Chancellor Helmut Kohl's parliamentary majority in Germany concluded recently: "Bosnia has made clear that effective conflict resolution in Europe is possible at the present time only with the active involvement of the United States."

But on the eve of the Madrid meeting, European leaders are again sending contradictory signals about what they expect from America.

Some of them want greater American

See NATO, Page 7

Sampras Wins Wimbledon Title No. 4



Dave Caulkin/The Associated Press

Pete Sampras running for a shot during his men's singles victory over France's Cedric Pioline on center court on Sunday. Page 20.

AGENDA

U.S. Might Curtail Involvement in Mir

Washington Post Service

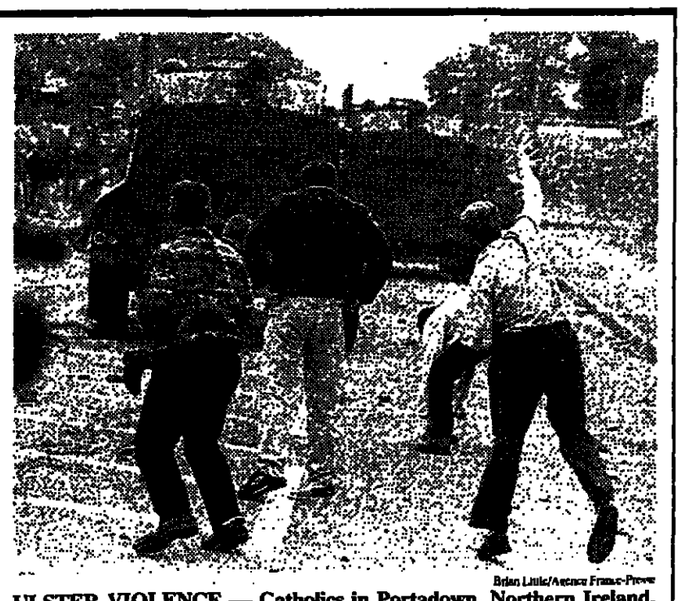
As the Russian-American crew of the damaged space station Mir prepared to receive a rescue package from Earth, Daniel Goldin, head of the National Aeronautics and Space Administration, said in an interview on NBC's "Meet the Press" that the agency was considering the possibility of curtailing American participation in the joint space program.

A Russian expert, meanwhile, said the latest navigation problem on Mir had been fixed. Page 2.

Mexican Vote Marred

SAN ANDRES LARRAINZAR, Mexico (Reuters) — Mobs of Mexican Indians tore apart up to 25 polling stations and blocked roads Sunday in the troubled southern state of Chiapas, witnesses said, marring the national midterm elections.

Earlier article, Page 3



Brian Little/Agence France-Presse

ULSTER VIOLENCE — Catholics in Portadown, Northern Ireland, stoning British Army vehicles Sunday after a Protestant Orange Order parade through their neighborhood. Sinn Fein, the IRA's political wing, urged Catholics to "take to the streets" to protest the march. Page 5.

Azerbaijani Oil Gathers Clout in U.S.

Political Heavyweights Pushing for an End to Investment Restrictions

By David B. Ottaway and Dan Morgan
Washington Post Service

WASHINGTON — The last great oil rush of the 20th century — aimed at a potential $4 trillion patch in the Caspian Sea region of Central Asia — has lured a prestigious group of U.S. prospectors: former high-ranking government officials bent on winning a stake in the bonanza for themselves or their companies.

These men — not all from the same past administration or party — are working together for policy changes that they say are needed to put U.S. companies on an equal footing with foreign competitors in Azerbaijan, a small nation that is at the center of a vast untapped oil basin.

Involved in this effort are several former members of the administration of President George Bush: former national security advisers Brent Scowcroft and Zbigniew Brzezinski; the former White House chief of staff John Sununu; former Defense Secretary Richard Cheney, and former Secretary of State James Baker 3d. President Bill Clinton's former Treasury secretary, Lloyd Bentsen, is involved as well.

The involvement of these heavyweights has escalated an intense lobbying and public relations campaign in Washington. American oil companies hope to ease restrictions on U.S. aid to Azerbaijan, allowing them to secure U.S. government-backed loans and financial assistance as they tap fields believed to hold as much as 200 billion barrels — more oil than any region outside the Gulf.

The restrictions were passed by Congress in 1992 to protest an Azerbaijani blockade of its fellow former Soviet republic, Armenia.

American oil company executives say Azerbaijan officials have hinted that as long as official U.S. policy continues to regard the country as something of a pariah, they might favor Norwegian, British, Russian, French and Iranian oil companies in granting the next batch of drilling concessions, which will cover the country's largest reserves of gas and petroleum.

U.S. oil companies and other potential investors also contend that without U.S. government-backed loans and other support now forbidden under restrictions imposed by Congress, non-U.S. oil companies backed by their own governments will have an advantage.

The Caspian oil boom has provided a unique business opportunity for many of these political heavyweights.

Mr. Scowcroft, for example, was paid $100,000 in 1996 by Pennzoil Co. for "consulting on special international projects," according to the company's latest annual report. The former Bush adviser also earned a $30,000 director's

See OIL, Page 7

Adieu to the Windsors: Love Story of Century Goes on the Block

By Suzy Menkes
International Herald Tribune

PARIS — In yet another drama for the British royal family, a new everything-must-go sale is coming up this fall.

The entire contents of the Duke and Duchess of Windsor's Paris mansion — from her monogrammed lingerie and his patent leather evening shoes to the table at which he signed his abdication as king of England in 1936 — is to be put up for auction. The announcement will be made Monday.

Mohamed al Fayed, the Egyptian-born financier who owns Harrods in London and who bought the villa's contents after the Duchess of Windsor's death in 1986, has planned the sale for September at Sotheby's New York. It will be the largest selection of royal memorabilia ever sold.

A series of catalogues of the 40,000 lots — including the faded photographs of an Edwardian childhood, a library of books (some signed by Queen Victoria), furnishings and paintings — have been secretly prepared.

All the objects will go under the hammer in the week-long sale. Sotheby's is expecting similar excitement to that surrounding its sale of the Duchess of Windsor's jewelry in Geneva in 1987 or the more recent Jacqueline Kennedy Onassis auction.

Like the sale of Princess Diana's dresses held last month by Christie's, all the money from the Windsor auction is destined for charities, which will be chosen by Mr. Fayed. He bought the contents of the villa in the Bois de Boulogne from the Pasteur Institute, beneficiary of the duchess's will, with the encouragement of Jacques Chirac, then mayor of Paris.

The sale will excite historians, but it has sent shock waves through the British royal family, who were informed only last week.

A source in London said that the timing of the Sotheby's announcement is causing particular anguish to Prince Charles, who is preparing a 50th birthday celebration for his partner, Camilla Parker Bowles, on July 17. He is trying to sell his skeptical family on the concept of a "morganatic" marriage in which his future wife would not take on royal titles and functions. This was the solution proposed by the Duke of Windsor, the former Edward VIII, and his failure to get government and the public to buy it led to the abdication crisis.

See AUCTION, Page 7

Newsstand Prices			
Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 Rials
Egypt	£E 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10.00 R.
Gabon	1100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 PTAS
Ivory Coast	1,250 CFA	Tunisia	1,250 Din
Jordan	1,250 JD	U.A.E.	10.00 Dirh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

Exultation Over Pathfinder / **A 'Remarkable Place'**

Scientists Cheer Its Touchdown on a Flood Plain

By Kathy Sawyer
Washington Post Service

PASADENA, California — The landing site of the Mars explorer Pathfinder has proved much more interesting than scientists had anticipated.

For one thing, it is not where they thought it was. For another, the craft apparently came perilously close to bouncing down inside a large crater.

Initial images from the Pathfinder have revealed several prominent landmarks on its horizons, including the rim of a crater to the south that is three miles (five kilometers) wide, and a *1,200-foot-high (300-meter) knob* against a salmon-colored sky to the west.

By comparing those features with aerial views of the Martian landscape taken by the Viking landers two decades ago, flight team officials say they have determined precisely where Pathfinder set down.

"Notice how close we came to a rather large crater," said an imaging scientist, Peter Smith of the University of Arizona.

The landing spot is just outside the final zone where navigators had expected it would land but it is well within the target region, an ancient flood plain known as Ares Vallis.

The panoramic views returned from the landing site — where scientists believe water once flowed from south to north — show large rocks that all seem to lean toward the northwest. "Could these rocks be oriented by the flow of the last flood?" Mr. Smith wondered.

The slopes of the crater are partly *obscured by the spacecraft now. But* once Mr. Smith's team deploys the craft's camera to its full height, the surrounding region should be much clearer, he said.

At a distance of about two miles, he added, the crater could be close enough to be studied.

It is "a remarkable place we've discovered," said the mission's chief scientist, Matthew Golombek. "This is the biggest flood in the solar system."

In perhaps the first instance of planetary one-upmanship, Mr. Golombek gleefully compared his dramatic landscape with the "dreadfully flat" Mars glimpsed by the Viking landers of the 1970s.

Viking 2 could never even figure out where it was he because there *were no landmarks.*

"Look at how boring the spot looks compared to where *we* landed," he said, pointing to a Viking 1 image. If Pathfinder had settled into that crater, there would be no dramatic features such as the hills and plateaus visible in the distance.

One peculiar feature has puzzled the scientists: a black rock-like pro*trusion on the northwestern horizon,* which the scientists have named "the Couch." It seems to be twin peaks or, some speculate, it could be the parachute discarded by Pathfinder as it landed.

Another rock in the foreground resembles a table, the scientists said. As images rolled in, it became clear that *Pathfinder's southern view looks a lot* more like the Viking sites, Mr. Golombek conceded — flat but with smaller rocks.

Although he called Pathfinder's location "just about ideal," Mr. Golombek said it was chosen for its safety as a landing strip — and that turned out to be a little off. Since the strip is strewn with jagged and treacherous rocks, some members of the team have marveled that the craft bounced through all that in such good shape.

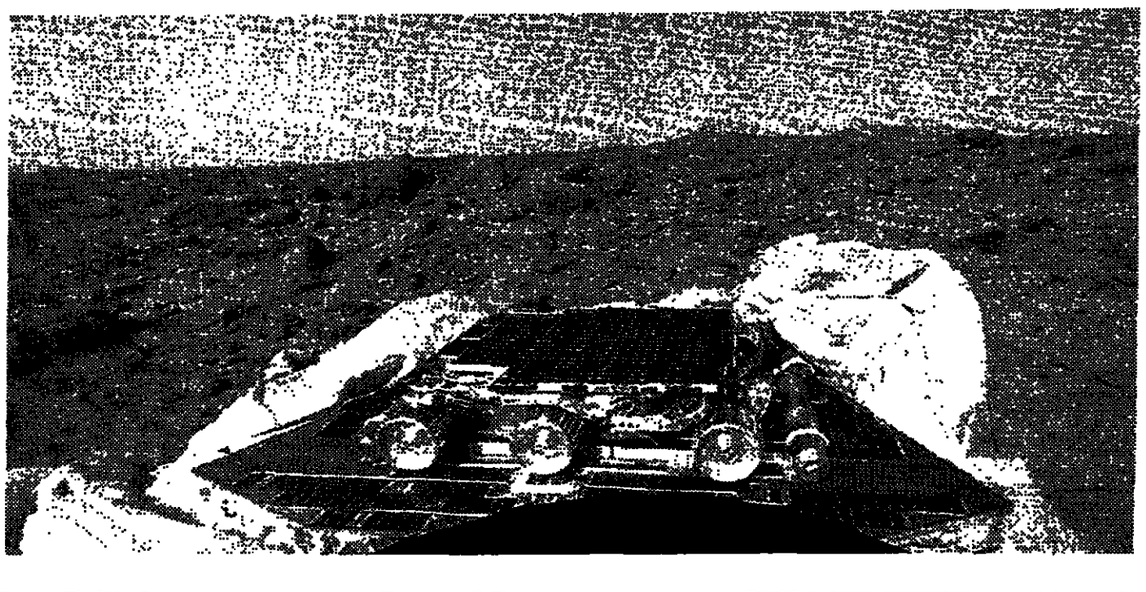
"This shows a topography and relief that we've never seen on Mars before," Mr. Golombek said.

One goal of the mission is to study the form and structure of the Martian surface and its geology, including the mineralogy of surface materials. Mr. Golombek said that, despite the roughness of the terrain, it is clear there are paths safe for the roving robot Sojourner to travel.

Fairly near the craft is a rock that appears to be about 10 inches tall, he said.

That could be a hazard to the rover, despite its rugged design. But the other rocks are only a few inches high and quite manageable.

As for which rocks he wants to study, Mr. Golombek said, "I'd love to go to 20 of them right now." But the decision, he added, depends on which ones "our little buddy" can reach. The rocks for study are also being selected in part on the basis of their colors.



The Mars explorer Sojourner, left, waiting on Pathfinder, when it was kept from the surface by an airbag that failed to deflate fully. Scientists in Pasadena, below, were jubilant when the craft finally rolled across the surface.

Visiting the Red Planet on the Cheap

By William J. Broad
New York Times Service

NEW YORK — Space probes used to cost $1 billion a pop. But that was before the U.S. space agency, struggling to slash costs while raising quality, built Sojourner, the unassuming gadget the size of a child's riding toy that is roving across the dry Martian landscape, on the cheap.

Sojourner is to wander around Mars for at least a week, taking close-up pictures of rocks and analyzing their chemical makeup, shedding light on the inner nature of Mars. If it is highly successful, it will operate for a month.

"It's the culmination of a lifelong dream for me," said Donna Shirley, the vehicle's designer and head of Mars exploration at the National Aeronautics and Space Administration's Jet Propulsion Laboratory in Pasadena, California.

"*Going vicariously is not quite* as good as being there," the 55-year-old engineer said of robotic exploration. "But it's a lot easier."

It's a lot cheaper, too, especially as mission designers have kept a sharp eye on expenses, mainly through using "off the shelf" parts rather than developing new ones.

Costing a mere $25 million, the six-wheeled rover has small motors and a modest computer brain (with just 6,500 transistors, compared with 5.5 million in the best Pentium models). It has just enough zip to make scientific headway, and no more. Any radio-controlled car from a hobby shop can go faster.

The first hint of its birth came in the 1980s as Dr. Shirley dreamed of putting roving vehicles on the red planet, seeking a way to follow up on the successful but expensive Viking missions of the 1970s, which cost the equivalent of $3 billion in current dollars. She eventually headed a panel that said a return to Mars, if ever to be more than a dream, had to pinch pennies.

'All the people involved have been rather ingenious at doing things at lower cost.'

NASA balked at that advice. But in 1992, Daniel Goldin was appointed administrator of the space agency and started a campaign to revitalize it by making its projects smaller, cheaper, faster and better.

Rather quickly, Dr. Shirley's plan got a thumbs up. And she was chosen to coordinate the new Mars push.

Her low-cost approach got a melancholy lift in August 1993 as NASA's $1 billion Mars Observer craft failed just days before reaching its goal. The reason for its demise remains a mystery.

The rover that developed under Dr. Shirley's guidance is the heart of the $266 million Mars Pathfinder mission. It weighed only 15.5 kilograms (about 34 pounds) at launching and a mere 10 kilograms now that it's on the Martian surface, where gravity is weaker than on Earth.

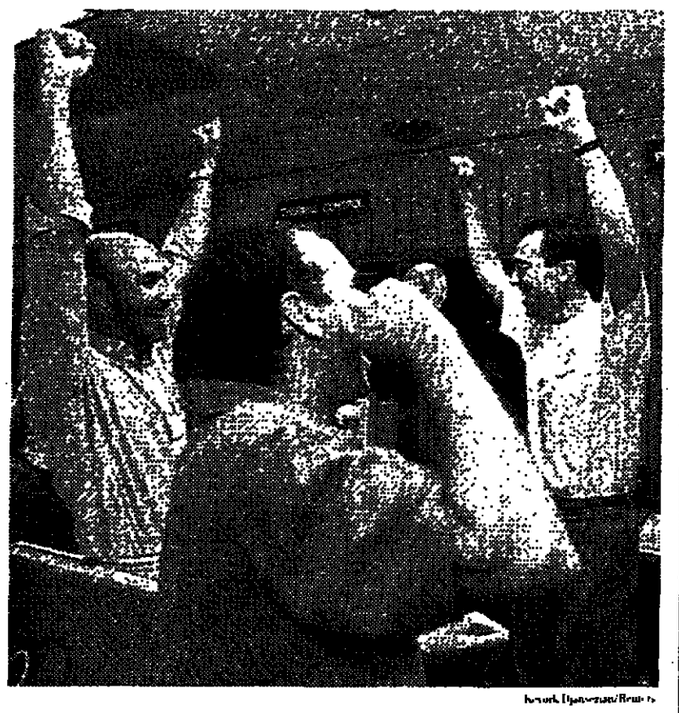
At top speed, the vehicle crawls along at just 40 centimeters (16 inches) a minute, or 24 meters (80 feet) an hour. It has three cameras — a *forward stereo pair and a rear-looking* one.

Its solar-power cells are sufficient to energize the rover for several hours a day, even in the worst dust storms. As a backup, the rover also has D-cell batteries. For the sake of simplicity and economy, they are not rechargeable.

The rover's brain is an Intel 80C85 processor, selected for its low cost and ruggedness. In speed and power, it lags behind many processors in the commercial computer market.

The rover carries an alpha proton X-ray spectrometer that will be pressed against soil and rock outcroppings to study their composition. Collecting data for each sample will take as long as 10 hours, providing the first chemical analyses of what Mars is made of, as well as insights into its evolution and geological history.

John Wellman, the head of experiment operations for Mars Pathfinder, said that doing the mission on the cheap was "a challenge for all of us." But in the end, he said, "all the people involved have been rather ingenious at doing things at lower cost."



Reuters/Hyperstore/Reuters

Crew on Mir Awaits Relief And Gets a Bit Of Good News

Compiled by Our Staff From Dispatches

MOSCOW — The Russian-U.S. crew aboard the crippled Mir station received good news Sunday after the worst trouble in its 11-year history.

The latest navigation problem of the station has been fixed and gyrodines — devices that keep its solar panels lined up to the sun to gain maximum power — are now working, according to a mission control expert.

A cargo craft on the way to Mir with relief supplies is expected to dock Monday with the aging station.

"We're confident we can pull this off. Things are looking good," said a ground control official, who asked not to be identified.

The Progress M-35 cargo ship lifted off Saturday from the Baikonur space complex in the former Soviet republic of Kazakstan, carrying oxygen, food, water and repair tools. It is set to dock with the Mir Monday morning 250 miles (400 kilometers) above the earth.

At the Mission Control Center outside Moscow, officials clapped as they watched the Progress enter an orbit less than 10 minutes after takeoff, its trajectory tracked by a light on a giant wall map.

"Yesterday evening all 12 gyrodines have been put into motion and they now work in a stable manner," the mission control expert said by telephone.

Sergei Krikalyov, deputy mission chief, said Thursday that there had been an unexplained malfunction in all of the station's gyrodines. The result was that the cosmonauts had to fire their rocket *engines to keep Mir lined up with the* sun and to prevent further loss of electric power.

The station lost up to half its power on June 25 after a collision with an unmanned cargo craft punctured the Spektr scientific module and cut off supplies from some panels.

The two Russians aboard, Vasili Tsibliyev, commander of the station, and Alexander Lazutkin, Mir's engineer, and the British-born U.S. astronaut Michael Foale were all feeling fine, he said.

The mission control expert who asked not to be identified also said that a panel of a solar battery on Progress M-35 did not unfold properly after take-off but "it unfolded fully today and the ship is getting 100 percent energy. All systems of the Progress work normally."

The fixing of the gyrodines followed the latest bout of trouble that occurred Tuesday but was disclosed only Saturday, when Russian and NASA officials confirmed that there had been a mystery leak in the Spekr module.

A Russian specialist said: "Five days ago, in one of our communications with the crew, we were told they had seen flakes and bubbles from an unknown source leaking from the Spektr module." It was not fuel, he added.

"We are very concerned about what was in that module," Frank Culbertson, the veteran astronaut who runs NASA's missions to Mir, said at a news conference. His concern focused on "what might have ruptured, and what the impact might be on the suited crew members."

The white flakes seen escaping from Mir on Tuesday may have been caused by something bursting inside the module and leaking through the station's ruptured hull or could have come from a damaged radiator on the exterior of the module, he said. *(Reuters, AP)*

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TRAVEL UPDATE

Eurotunnel Says Inquiry Clears It

PARIS (Reuters) — A French judicial inquiry into a fire that seriously damaged a section of the Channel Tunnel in November has cleared the Anglo-French operator Eurotunnel, its executive chairman said Sunday.

"Neither Eurotunnel nor the lorry company is responsible," Patrick Ponsolle said on Europe 1 radio. He said a judicial inquiry into the causes of the fire would be made public in the near future, but he declined to say whether it was an act of arson. "One is never immune from criminal acts," he said.

But the inquiry had already shown that Eurotunnel's installations and systems were not to blame for the fire, he said.

Let the Bull Runs Begin

PAMPLONA, Spain (AP) — Thousands of revelers uncorked champagne, cheered and swayed shoulder to shoulder Sunday as a rocket signaled the start of Pamplona's San Fermin festival, whose highlight is the daily running of the bulls.

The partying usually continues straight through to Monday morning and the first of the bull runs, in which hundreds of festival-goers dodge six black bulls as they run the narrow cobblestone streets to the bullring.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Guyana, Tanzania, Yemen, Yugoslavia, Zambia.
TUESDAY: Bhutan, Zambia
WEDNESDAY: Argentina, Morocco.
THURSDAY: Bahamas, Mongolia.

Sources: J.P. Morgan, Reuters, Bloomberg

WEATHER

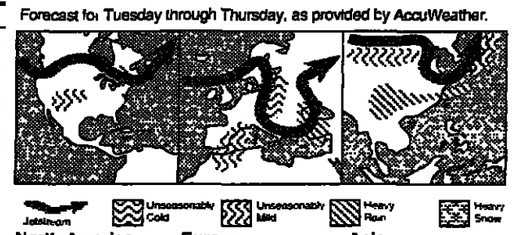
Europe

	Today High	Today Low	Today	Tomorrow High	Tomorrow Low	Tomorrow
	C/F	C/F		C/F	C/F	
Algarve	29/84	18/64	p	29/84	19/66	sh
Amsterdam	21/70	10/50	pc	21/70	13/55	s
Antalya	33/91	13/55	s	32/89	13/55	s
Athens	29/84	19/66	s	29/84	19/66	pc
Barcelona	21/70	16/61	s	23/73	17/62	pc
Belgrade	20/68	14/57	r	20/79	14/57	pc
Berlin	23/73	14/57	pc	24/75	15/59	pc
Brussels	22/71	13/55	pc	22/71	13/55	pc
Budapest	23/73	17/62	r	26/79	17/62	r
Copenhagen	23/73	13/55	pc	23/73	13/55	pc
Costa Del Sol	27/80	16/61	s	29/84	21/70	s
Dublin	20/68	12/53	s	20/68	13/55	pc
Edinburgh	18/64	14/57	sh	19/66	12/53	c
Florence	26/79	14/57	s	27/80	14/57	pc
Frankfurt	24/75	14/57	c	25/77	14/57	pc
Geneva	20/68	9/48	c	23/73	12/53	pc
Helsinki	20/79	14/57	pc	25/77	15/59	pc
Istanbul	35/97	20/68	s	28/82	19/66	pc
Kiev	31/88	19/66	pc	28/82	19/66	sh
Las Palmas	26/79	19/66	s	27/80	21/70	s
Lisbon	29/84	19/66	s	28/82	19/66	sh
London	20/68	9/48	s	18/64	9/48	s
Madrid	31/88	14/57	s	33/91	17/62	pc
Mallorca	21/70	16/61	s	22/71	18/64	pc
Milan	25/77	13/55	s	26/79	16/61	pc
Moscow	24/75	14/57	pc	26/79	17/62	pc
Munich	17/62	11/52	r	21/70	12/53	c
Nice	23/73	15/59	s	23/73	17/62	s
Oslo	22/71	11/52	c	21/70	10/50	pc
Paris	21/70	12/53	c	22/71	13/55	pc
Prague	20/68	11/52	sh	23/73	13/55	pc
Reykjavik	10/50	5/43	sh	11/52	7/44	c
Riga	26/79	15/59	pc	26/79	17/62	sh
Rome	24/75	13/55	pc	24/75	13/55	pc
St. Petersburg	23/73	15/59	pc	25/77	17/62	pc
Stockholm	24/75	16/61	pc	24/75	13/55	sh
Strasbourg	24/75	12/53	c	23/73	13/55	pc
Tallinn	25/77	15/59	pc	26/79	16/61	pc
Tbilisi	28/82	17/62	sh	29/84	21/70	c
Vienna	24/75	14/57	pc	26/79	17/62	c
Vilnius	19/66	14/57	r	24/75	15/59	pc
Warsaw	24/75	17/62	t	26/79	16/61	r
Zurich	18/64	12/53	c	21/70	13/55	c

Middle East

Abu Dhabi	39/102	26/79	s	39/102	28/84	sh
Beirut	27/80	21/70	s	29/84	23/71	pc
Cairo	37/98	21/70	s	35/95	21/70	pc
Damascus	31/88	14/57	s	31/88	17/62	s
Jerusalem	29/84	18/61	s	29/84	18/61	pc
Luxor	42/107	19/66	s	41/106	22/71	s
Riyadh	43/107	25/77	c	43/109	27/80	s

Forecast for Tuesday through Thursday, as provided by AccuWeather.



Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
A storm will move from the Midwest Wednesday into New England Friday; heavy rains are possible north of the storm from the Upper Midwest into New York state. Warm and humid along the Atlantic Seaboard with scattered thunderstorms. Thunderstorms will also be in the northern Plains

Europe
There may be some showers in Scotland, but the rest of England, France, Germany and southern Scandinavia will be nice with some sun Wednesday through Friday. Cool across Eastern Europe with some drenching rains likely from western Turkey into Romania. Sunny and warm in Barcelona.

Asia
Wednesday through Friday will be very warm and humid over most of Japan with thunderstorms likely. Sunny, hot and dry in Beijing and over all of northern and western China. Rain will be heavy at times from near Shanghai into south-central China. Humid with showers in Hong Kong

North America

	Today High	Today Low	Today	Tomorrow High	Tomorrow Low	Tomorrow
	C/F	C/F		C/F	C/F	
Anchorage	20/68	14/55	pc	22/71	12/53	pc
Atlanta	31/88	21/70	pc	31/88	21/70	pc
Boston	29/84	17/62	pc	22/71	14/57	pc
Chicago	25/77	16/61	s	24/75	17/62	pc
Dallas	33/91	22/71	t	33/91	22/71	pc
Denver	31/88	14/57	pc	29/84	13/55	pc
Detroit	24/75	13/55	s	23/73	15/59	pc
Honolulu	31/88	23/73	pc	32/89	24/75	sh
Houston	34/93	23/73	pc	34/93	23/71	pc
Los Angeles	30/86	14/57	pc	31/88	17/62	pc
Miami	33/91	26/79	s	33/91	25/77	pc
Minneapolis	23/73	16/61	pc	24/75	15/59	c
Montreal	22/71	9/48	c	16/61	9/48	pc
Nassau	33/91	23/73	s	32/89	24/75	pc
New York	28/84	19/66	pc	26/79	18/64	pc
Orlando	33/91	23/73	t	34/93	23/73	pc
Phoenix	42/107	26/79	s	42/107	28/82	s
San Fran	23/73	13/55	s	24/75	15/59	pc
Seattle	21/70	14/57	sh	22/71	13/55	sh
Toronto	21/70	8/43	s	21/70	11/52	pc
Vancouver	14/57	14/57	r	22/71	11/52	pc
Washington	30/86	15/68	pc	28/82	19/66	pc

Asia

	Today High	Today Low	Today	Tomorrow High	Tomorrow Low	Tomorrow
	C/F	C/F		C/F	C/F	
Almaty	39/102	19/66	s	37/28	19/66	pc
Bali	31/88	18/64	s	29/84	19/66	s
Bangkok	32/89	24/75	pc	32/89	29/79	pc
Beijing	34/93	23/73	s	31/88	22/71	s
Bombay	29/84	26/79	r	29/84	24/75	r
Calcutta	31/88	26/79	t	32/89	27/80	t
Chiang Mai	32/89	23/73	pc	33/91	24/75	pc
Colombo	29/84	25/77	pc	29/84	24/75	pc
Hanoi	33/91	27/80	c	31/88	26/79	pc
Ho Chi Minh	32/89	23/73	pc	32/89	24/75	pc
Hong Kong	30/86	25/77	c	29/84	25/77	pc
Islamabad	46/115	28/82	s	44/111	27/80	t
Jakarta	29/84	22/71	pc	30/86	23/73	pc
Karachi	34/93	27/80	s	35/95	28/82	s
K Lumpur	31/88	23/71	sh	31/88	23/73	sh
K Kinabalu	29/84	21/70	sh	30/86	22/71	pc
Manila	31/88	23/73	pc	30/86	23/73	pc
New Delhi	42/107	31/88	s	39/102	27/80	sh
Phnom Penh	32/89	23/73	c	32/89	24/75	pc
Phuket	32/89	24/75	pc	32/89	26/79	pc
Rangoon	32/89	24/75	pc	32/89	25/79	pc
Seoul	29/84	21/70	s	28/82	21/70	c
Shanghai	28/82	26/79	r	30/86	24/75	c
Singapore	31/88	21/70	sh	31/88	22/71	pc
Taipei	31/88	25/77	r	31/88	24/75	pc
Tokyo	30/86	24/75	s	29/84	26/79	c
Vientiane	31/88	27/80	c	31/88	27/80	pc

Africa

Algiers	25/77	14/57	s	28/82	16/61	pc
Cape Town	21/70	9/48	s	19/66	7/44	s
Casablanca	25/84	22/71	s	28/82	21/70	s
Harare	22/71	9/48	r	22/71	12/53	pc
Lagos	27/80	22/71	r	28/82	24/75	c
Nairobi	24/75	11/52	c	24/75	12/53	pc
Tunis	26/79	12/53	s	28/79	18/61	s

Latin America

Buenos Aires	16/61	8/46	pc	15/59	9/37	pc
Caracas	31/88	24/75	pc	31/88	24/75	pc
Lima	21/70	18/61	pc	21/70	17/62	pc
Mexico City	22/71	12/53	c	24/75	13/55	pc
Rio de Janeiro	25/77	19/64	pc	24/75	17/62	pc
Santiago	13/55	2/35	r	11/52	-2/29	pc

Oceania

Auckland	11/52	6/43	pc	12/53	9/48	pc
Sydney	18/64	11/52	pc	19/66	11/52	pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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THE AMERICAS

Elections Could Set Off Revolution in Mexican Political System

By Molly Moore and John Ward Anderson
Washington Post Service

QUERETARO, Mexico — In this state capital of shaded colonial plazas and sprawling U.S. auto-parts factories, Mexican politics has become the tale of a family ripped asunder, with two brothers and a cousin slugging it out for the governorship in the elections held Sunday.

One brother represents the party that has ruled Mexico for nearly seven decades. The other has broken ranks to run on the ticket of a small leftist party. And the cousin is the candidate of the center-right opposition party.

But the internecine campaign for the governor's mansion in this small state, 160 kilometers (100 miles) northwest of Mexico City, has proved far more than a family soap opera. The contest in Queretaro — the birthplace of Mexico's modern government — reflected the deep political divisions nationwide that threaten to produce unprecedented electoral defeats for the ruling Institutional Revolutionary Party, known from its Mexican acronym as the PRI, the world's longest-governing political party.

"This election is more important than a race between two brothers — it's a question of democracy in Mexico," said Jose Luis Martinez, a 35-year-old teacher who joined colleagues in an anti-government rally in front of the Queretaro governor's palace last week.

Never before in modern Mexican history have opposition parties entered an election with such potential for dividing voters and fracturing the government. If the elections live up to their advance billing as the country's fairest and most competitive ever, Mexico could be near becoming a true multiparty democracy.

A leftist opposition candidate, Cuauhtemoc Cardenas Solorzano, is poised to win modern Mexico City's first election for mayor, a formerly appointive office now predicted to become the most influential in the country after the presidency.

And the ruling party, which has controlled every level of the federal government for 68 years, risked losing its majority in the Chamber of Deputies, the lower house of the Mexican Congress, where all 500 seats were being contested. Opposition parties also were likely to make gains in the Senate, where a quarter of the 128 seats are open.

The midterm elections were the first major referendum on the ruling party since the 1994 election of President Ernesto Zedillo, who just weeks after he took office devalued the Mexican peso, setting off the country's steepest recession in 60 years. The elections also followed the revelations of scandal and corruption that permeated the administration of former President Carlos Salinas de Gortari.

Disenchantment with the ruling party had been growing for years but coincided this election season with the government's own initiatives intended to make elections more fair.

Because three-quarters of the Senate seats are not up for election, the PRI is guaranteed a majority there until at least 2000. But under a complicated formula for proportional representation, the PRI needed 42 percent of the nationwide vote to keep its absolute majority in the federal Chamber of Deputies.

Mexico has not had a divided government since the 1910-17 Mexican Revolution, raising questions about how the country would function. How effective would the president be at negotiating with an opposition chamber after 68 years of ordaining decisions to a rubber-stamp Congress? Would the chamber, which controls the budget, dig in on money matters? Would it start corruption investigations of the sort that the PRI has always used its majority to stymie?

"Mexico is going to cross a threshold, and what's coming is the turmoil and uncertainty of trying to reform institutions that have failed or that aren't needed anymore," said Sergio Aguayo, a political analyst who heads Civic Alliance, an independent government watchdog group.

In Queretaro, a state of 1.2 million residents, the same issues are being played out on the local political stage.

"What you are seeing is an advancement of democracy and proof that power is not eternal," said Jose Ortiz Arana, 53, the older brother and gubernatorial candidate who, after spending more than half of his life as a PRI official and federal congressman, left the party in February to run as the candidate for the small, leftist Cardenista Party. Blasting the PRI as undemocratic after it selected his brother to be a candidate, Jose Ortiz said, "People want a change here in Mexico that will take us into the next millennium."

His brother and opponent, Fernando, 52, who was considered as a presidential candidate for the PRI in 1994, conceded that while change might not be good for the PRI, it would benefit Mexico. "There's much more political competition in all the states," he said. "It makes for better parties and better candidates."

The cousin, Ignacio Loyola Vera, represented the center-right National Action Party.

Key Points Stymie Senate Funds Panel

Donations Hearings Start Tuesday

By Lena H. Sun
Washington Post Service

WASHINGTON — Investigators preparing for Senate hearings that open this week have traveled thousands of miles, ridden ferries in Macao, dodged anti-U.S. protests in Jakarta and even trekked to a Buddhist order's mountaintop headquarters in Taiwan.

They have scoured White House electronic mail, telephone logs of the Democratic National Committee and complex international financial transactions. They have their own "Deep Throat," an anonymous government source who regularly suggested fruitful areas to probe until he suddenly cut off contact.

Those efforts have turned up some tantalizing nuggets about John Huang, the former Democratic National Committee fund-raiser at the center of the controversy, as the Senate panel investigating campaign finance abuse opens televised hearings Tuesday.

Still, it is unlikely the Senate panel will tie up all of the scandal's mysteries as neatly as an Agatha Christie novel. While Republicans say the hearings will produce substantive revelations about the role of foreign money and national security breaches, the panel has been stymied on some fundamental questions, sources in both parties said.

Among them: If there was a plot by foreign governments to pump money into U.S. elections, was it implemented, and if so, how? Where did the three men who raised most of the questionable money for the Democratic Party last year — Mr. Huang, Charles Yah Lin Trie and Johnny Chung — get their funds? Was Mr. Huang engaged in an effort to funnel illegal funds into the campaign? If so, did anyone at the Democratic National Committee or in the Clinton administration know about it? Did Mr. Huang pass classified information to his former employer, the Lippo Group?

These questions remain unanswered largely because some key witnesses are not cooperating. Mr. Trie, a former Little Rock restaurateur and friend of President Bill Clinton's, has fled overseas. Mr. Trie's Macao business partner, another important figure, hung up on an investigator who surprised him by calling his mobile phone.

Some others, like Mr. Huang, have invoked their privilege against self-incrimination. Former top Democratic committee officials who have been enormously successful in business and politics have suffered major memory lapses. And partisan fighting has slowed the panel's ability to give witnesses immunity.

Ultimately, the answers to these questions may have to come from the Justice Department, which is conducting a separate criminal investigation into allegations of illegal foreign influence in last year's election.

Fred Thompson, the Republican of Tennessee who heads the Senate Governmental Affairs Committee and more than two decades ago was chief minority counsel to the Senate Watergate committee, has said he wants to let Americans look behind the curtain of government and the operations of last year's campaign.

"Is there a bombshell that is going to stand America on its head? I don't think so," said Paul Clark, committee spokesman. "But it's going to be productive."

The hearings' first phase — which will focus on foreign money — will run possibly until the first week of August. Most of the allegations deal with the Democrats' 1996 presidential campaign, but Republicans also will have to answer charges that they illegally used foreign money.

For example, the National Policy Forum, set up in 1993 by the then-chairman of the Republican National Committee, Haley Barbour, received more than $700,000 in 1996 from a U.S. company controlled and funded by a Hong Kong executive.

The second phase, to begin in September, will focus on "soft money," the large, unregulated donations that corporations, unions and wealthy individuals give to the national parties and, Mr. Clark said, "reforming the system a little bit."

AMERICAN TOPICS

Celebrating 1947 Spree, Bikers Skip Rough Stuff

Fifty years after bikers invaded the quiet farm town of Hollister, California, creating the blood-and-alcohol-soaked chaos that would inspire the film "The Wild One," they came roaring back last weekend. Tens of thousands of motorcyclists jammed the streets to celebrate that earlier boisterousness.

"That event is the thing that really started it all," said Thomas Andersson, a Harley-Davidson rider, referring to the romanticized image of freedom and rebelliousness on two wheels.

In 1947, motorcyclists turned the main street into a race track and even rode through a hotel lobby. Dozens were arrested in what was called the "Battle of Hollister." It marked the start of an American subculture that spawned imitators worldwide.

But while beer, leather and inefficient mufflers were in abundance last weekend, the bikers have changed. Most of the early enthusiasts were young veterans of World War II, hardened and hungry for action. "Today, you have CEOs, doctors, and housewives and farmers," said Senator Ben Nighthorse Campbell of Colorado, an avid biker who dropped in. "If anything," he said, "motorcycles have become an escape from high-stress lifestyles."

The atmosphere had definitely lightened. Harleys, BMWs and Triumphs paraded sedately. They snarled traffic, but otherwise there was little to report. "They're so polite," said a local resident, Leah Sayre — a comment that would have made the earlier bikers cringe. Businesses proclaimed themselves "biker friendly" and a chiropractor offered "biker specials."

"I'm having so much fun," said Fritz Liebenberg, a T-shirt salesman, "I should be twins."



Ben Margot/The Associated Press

Motorcycles lining a street in Hollister, California, as bikers paraded during the commemoration.

Short Takes

One of the country's most promising young paleontologists is Sam Girouard of Bellingham, Washington. He has found possibly the oldest American mastodon bone yet uncovered (4.5 million years, to be more or less precise), has given presentations to paleontological societies and donated his finds to museums. And *he is only 15 years old.* He *sat in on* his first university geology class at age 12 and hopes to graduate by age 18. He likes nothing better than to crawl around an ancient lake bed on hands and knees poking for dinosaur bones. The secret, he says, is focus: "It doesn't matter how you feel, how hot it is, how cold it is, how many insects are biting you. You get so focused, you don't know any of the distractions."

Ed (The Animal) Krachie, all 6 feet 7 inches and 330 pounds of him, was a beaten man. And he couldn't understand why. "I don't know where they put it," he said after finishing in a hot-dog eating contest behind a pair of diminutive Japanese. "Both of those guys put together weigh less than me," Mr. Krachie said.

He was not exaggerating. Hirofumi Nakajima, at 135 pounds (61 kilograms), ate 24½ hot dogs in 12 minutes, and Kazutoyo Arai, who weighs just 100 pounds, consumed 24. Mr. Krachie downed 20, finishing third in a crushing blow to American pride. The two-time champion was clearly deflated — maybe disappointed is a better word — and announced his retirement. Mr. Nakajima, 22, a furniture delivery man from Kofu, declined to reveal the secret of his success.

- Brian Knowlton

Away From Politics

• **The C-130 Hercules transport plane,** workhorse of U.S. military operations, sometimes loses power in all four engines and the Air Force cannot explain why, the Boston Globe has reported. It said the planes had experienced 58 sudden power reductions in the last 11 years and a crash that killed 11 reservists. *(AP)*

• **The United Church of Christ has voted overwhelmingly to unite** with three other Protestant denominations — the Presbyterian Church, the Evangelical Lutheran Church and the Reformed Church. They will share ministers and congregations for the first time in four centuries. *(AP)*

• **Maryland's two most populous counties** — Prince Georges County and Montgomery County — have become the latest municipalities to adopt laws requiring that handguns be sold with a safety lock for the trigger. Connecticut, Massachusetts, Chicago and more than a dozen cities and counties in California also have enacted laws to reduce shootings in the home by children. *(NYT)*

• **The bodies of two men** missing since a deadly Fourth of July fireworks explosion aboard an Illinois barge have been found in the Mississippi River. *(AP)*

POLITICAL NOTES

Clinton Deadline Unavailing

WASHINGTON — A funny thing happened on the way to President Bill Clinton's theatrically declared deadline for campaign finance reform. Nothing.

The Fourth of July came and went without a vote, let alone a law, and there is scant prospect of one later this year. The president and his party can only complain about inaction. They still raise money under a system Mr. Clinton recommends banning — the soft money parties can take outside the limits applied to donations to candidates and their campaigns. *(AP)*

Rubin Urges Tax Bill Rewrites

WASHINGTON — Treasury Secretary Robert Rubin has warned that President Clinton is unlikely to support tax-cut plans voted last month by the House and Senate unless negotiators rewrite major elements in the bills.

Mr. Rubin expressed concern that both proposals would tilt overwhelmingly in favor of wealthy taxpayers over the next 10 years and could lead to an "explosion" in federal deficits over a 20-year period. *(WP)*

N.Y.C. Unions Shun Democrats

NEW YORK — Democratic candidates for mayor of New York City have failed to win the backing of the city's most powerful unions, a traditional bastion of support.

Several important unions have already backed Mayor Rudolph Giuliani, including the 100,000-member Building Trades Council, and municipal unions that have long supported Democratic candidates have thus far refrained from making an endorsement. *(NYT)*

Quote / Unquote

Sandra Seegars, once a supporter, on why she is helping lead a movement to recall Mayor Marion Barry of Washington: "After he went to prison he said he was rehabilitated, but he just told lies again. Marion Barry is selling out the city at wholesale prices." *(Reuters)*

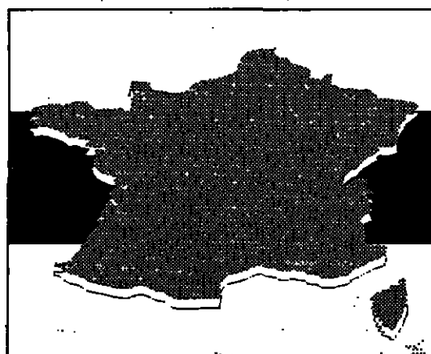
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ASIA/PACIFIC

Hong Kong Opposition Vows to Fight On

By Keith B. Richburg
Washington Post Service

HONG KONG — Members of the dominant political party, dismissed from their legislative seats by Beijing, unveiled over the weekend a shadow caucus to monitor their appointed replacements and prepare for legislative elections in 1998, the territory's first under Chinese rule.

"Our confidence only grows with the passage of time," said Martin Lee, chairman of the Democratic Party.

Still, he acknowledged that expected changes in voting rules would make it difficult for the party to win seats.

Nineteen former legislators from the Democratic Party said the new legislature, which was appointed and not elected, amounted to a "rubber stamp" for both China and the new chief executive, Tung Chee-hwa.

[Another leading pro-democracy figure, Emily Lau, called Sunday for clear limits to be set on the powers of China's People's Liberation Army in Hong Kong, Reuters reported.

[In an interview with government radio, she said that Mr. Tung has no control over the Chinese soldiers "unlike the British colonial governor who was always commander-in-chief of the garrison."

[Ms. Lau is a former member of the Democratic Party, but now has her own political movement.]

Many of the legislators appointed by China were defeated by Democratic Party candidates in the last elections in 1995.

Party members made it clear that they still consider themselves to be Parliament's legitimate representatives, and they said they would show up at future meetings of the new panel and monitor its activities from the public gallery.

"Over 1 million of our people went to the polls and elected us to office for a four-year term," Mr. Lee said. "In our place, there are now those who were defeated by us in 1995, or those who didn't even dare to run against us."

He added: "The people's choice has been replaced by Beijing's choice."

Mr. Lee said the ousted Democratic Party legislators would spend the next 10 months monitoring their replacements, to make sure "they do not do anything that is prejudicial to our constituents." In some of his strongest criticism of the appointed body to date, he said, "We see submission — total obedience — in the rubber-stamp legislature."

But the formidable bloc of 26 votes in the last legislature — members of the Democratic Party and other pro-democracy lawmakers who were ousted — face a difficult task in keeping their agenda visible in the new era of Chinese rule.

The media in Hong Kong, while legally enjoying the same freedoms as before the handover to China July 1, largely have taken a relatively favorable stance toward the new administration, in a case of what journalists and analysts here call widespread self-censorship.

Pro-democracy politicians concede they are unlikely to get a full airing of their views in the mainstream press.

Moreover, new restrictions on fund-raising may severely limit the Democratic Party from seeking donations from groups overseas, closing off a valuable financial lifeline.

Parties with pro-China links face no restrictions on receiving funding from Beijing.

And now that pro-democracy supporters are no longer receiving legislative salaries and will be out of office for the next 10 months, they risk losing staff members and office space, and may need to spend what little money they have to survive.

Perhaps more damaging to the long-term prospects of the pro-democracy camp, the government and the new legislature are readying bills that would redraw the territory's electoral rules to make it easier for pro-China candidates to win.

The Democratic Party predicted Saturday that under the new rules, they may only be able to win 13 seats in the 60-seat legislature in the elections that Mr. Tung has said he will call next year.

"They have no intention of being humiliated by us," Mr. Lee said.

Government Makes Gains In Tokyo Voting

Compiled by Our Staff From Dispatches

TOKYO — Prime Minister Ryutaro Hashimoto's Liberal Democratic Party and the Japanese Communist Party both made significant gains Sunday in local government elections in Tokyo.

The biggest loser was Japan's main national opposition party, the New Frontier Party, which did not win a single seat. Turnout, at about 10 percent of eligible voters, was a record low.

The contest for 127 seats in the Tokyo Metropolitan Assembly was regarded as a test of voter mood in the country's largest city.

The next national elections are to be held in July 1998, for half of the 252 seats in Parliament's upper house. *(Reuters, AFP)*

Ramos's Sister to Run

Compiled by Our Staff From Dispatches

MANILA — A faction of President Fidel Ramos's party endorsed his younger sister, Senator Leticia Ramos-Shahani, as its candidate Sunday for the presidential election next year, throwing the race for his successor wide open.

The senator, a former diplomat, became the fifth senior political figure to seek the presidency in June 1998 elections.

She was endorsed at a convention of the People Power movement, which propelled Mr. Ramos's candidacy in 1992.

Leaders of the faction said she was the person best qualified to continue Mr. Ramos's economic reforms. Although Mr. Ramos has said he would not seek another term, there have been moves by his supporters to amend the constitution to allow him to run again.

The other senior politicians who have declared their candidacies are Vice President Joseph Estrada; the speaker of the House of Representatives, Jose de Venecia; Defense Secretary Renato de Villa; and Finance Secretary Roberto de Ocampo. *(AFP, Reuters)*

BRIEFLY



Ajit Kumar/The Associated Press

Laloo Prasad Yadav, who split the Janata Dal, addressing a press conference.

Call for Vote in India

NEW DELHI — The main opposition party issued a call Sunday for fresh parliamentary elections after the principal governing party split, further weakening India's fragile coalition government.

The Hindu nationalist Bharatiya Janata Party said a national election was necessary to end the political uncertainty prevailing in New Delhi.

The demand came a day after Laloo Prasad Yadav, the outgoing and scandal-tainted president of Prime Minister Inder Kumar Gujral's Janata Dal group, announced the formation of his own breakaway faction. On Sunday, the Janata Dal chose a vocal member of Parliament, Sharad Yadav, as its new president. *(AFP)*

North Korea War Games

SEOUL — North Korean troops have begun exercises marking the third anniversary of the death of the country's founding leader Kim Il Sung, but no signs of tension have been detected along the border, military authorities here said Sunday.

"North Korean troops launched exercises starting July 1 after completing their off-barracks mission for rice planting in May and June," the South Korean Defense Ministry said in a report. *(AFP)*

Bhutto Spouse Charged

KARACHI — A judge has formally charged Benazir Bhutto's husband with ordering the killing of her estranged brother.

Murtaza Bhutto, 43, ran a breakaway faction of his sister's Pakistan People's Party until he was gunned down last September. Miss Bhutto had accused President Farooq Leghari of ordering her brother's murder in an attempt to unseat her.

But Judge Shah Nawaz Awan of the Karachi District Court charged Asif Ali Zardari, Miss Bhutto's husband, and 21 former officials with murder and conspiracy in the death of Murtaza Bhutto. *(AP)*

VOICES From Asia

Zhang Lin, the Chinese dissident who was recently released from three years in a labor camp, speaking about the abuse he said police informers had inflicted on his family: "My father had three front teeth knocked out, and my mother suffered serious head injuries and has several lumps the size of eggs." *(Reuters)*

Major General M.B. Hutagalung, deputy for operations of the Indonesian police, on possible crowd-control techniques: "We have for some time been considering the use of elephants to help forest rangers or anti-riot police." *(AFP)*

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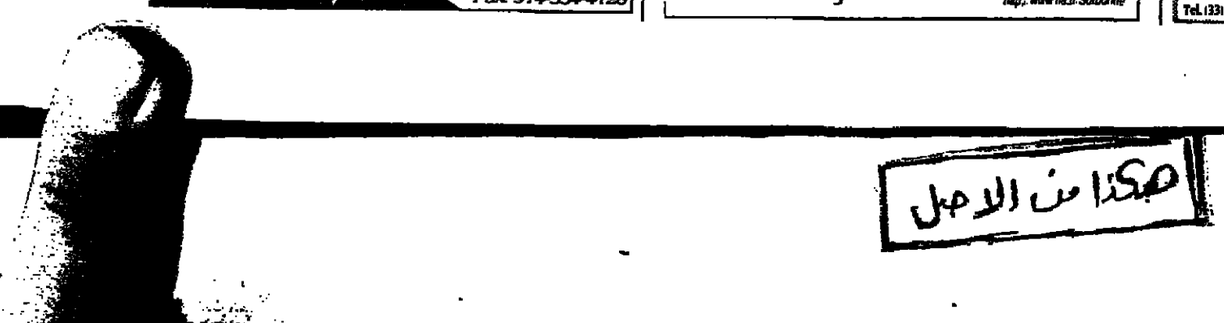
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EUROPE

French Gaullists Choose a Statist Leader

By Craig R. Whitney
New York Times Service

PARIS — When they were both rising young stars in their conservative Gaullist party at the end of the 1970s, Philippe Seguin said of his rival Alain Juppe, "One of us is going to have to go."

Mr. Juppe became the favorite of the party's founder, President Jacques Chirac, who made him prime minister in 1995.

Now, with Mr. Juppe, 51, relegated to the sidelines after the stinging defeat of his conservative coalition in parliamentary elections on June 1, Mr. Seguin, 54, took over the leadership of the party, the Rally for the Republic, at a special convention Sunday. Mr. Seguin won 79 percent of the vote, easily outdistancing five other candidates.

Mr. Chirac called the parliamentary elections in May and June almost a year early in hope of securing support in Parliament for the remaining five years of his term and for the belt-tightening necessary to meet the criteria for European monetary union. But he wound up making himself look like a lame duck instead.

The battle to decide the direction of the French conservative movement, like the fight for the leadership of the Conservative Party in Britain after its disastrous loss at the polls May 1, has been brutal.

Mr. Seguin, who has made no secret of the fact that he thinks Mr. Chirac and Mr. Juppe were out of their minds to call an early election, has long nipped at their heels.

He forced Mr. Juppe to step down as party leader last month by arguing that only a top-to-bottom leadership change would enable the Gaullists to make an electoral comeback.

An attempt at such a comeback could be made as early as a year from now, if Mr. Chirac used his power to dissolve Parliament again. Some say, however, that he might resign before the end of his seven-year term and that if he did, Mr. Seguin would run for president. The constitution permits the president to dissolve Parliament after consulting legislative leaders, as Mr. Chirac did this spring, but it bars him from doing it again for a year.

Most of the other coalition partners in Mr. Juppe's fallen government have rallied around another new leader, Alain Madelin, whose economic philosophy comes close to the free-market doctrines that Prime Minister Margaret Thatcher pursued in Britain in the 1980s.

Mr. Madelin and Mr. Seguin, a classic state interventionist, tried in the last week of the recent election campaign to offer themselves as a conservative alternative to Mr. Juppe and his austerity policies. Their alliance was likened to a marriage between a carp and a rabbit.

Next time around, Mr. Madelin, too, would like to run for the French presidency, his allies say.

Mr. Madelin says his platform would be truly revolutionary in France, proposing deregulation, a scaling down of the welfare state and more vigorous competition to solve the growing problem of unemployment. Now at 12.5 percent of the work force, it has stymied both the Socialist left and the Gaullist right.



Philippe Seguin, left, and Alain Juppe during Sunday's congress.

Mr. Juppe, a technocrat who has never shaken an image of haughty aloofness, lost after trying to reduce welfare-state spending so that France would qualify for membership in a European common currency planned for 1999.

His Socialist successor, Prime Minister Lionel Jospin, says France wants to join the common currency but does not want to break its neck trying to reduce the budget deficit to 3 percent of gross domestic product, one of the criteria set by the Treaty on European Union in 1992 at Germany's insistence.

Mr. Seguin led vigorous opposition to the treaty in a referendum at the end of that year, arguing that it threatened the core of French sovereignty.

Worse, he said, the focus on fiscal probity demanded by Germany was leading to a "social Munich," a sell-out of unemployment-ridden French workers to international capital and impersonal central bankers.

Ulster Troops and Catholics Clash After Parade by Protestant Order

The Associated Press

PORTADOWN, Northern Ireland — Angry Catholics attacked withdrawing soldiers in Portadown on Sunday after the troops had restrained them to allow a Protestant march through their neighborhood.

The troops had moved into Portadown's Garvaghy Road before dawn with armored cars and cleared Catholic protesters off the road in preparation for the parade. Scores were hurt in morning riots when residents threw firebombs and bricks, and troops fired on them with plastic bullets.

At 1 P.M., with order imposed and hundreds of troops lining the road, 1,000 members of the Orange Order marched purposefully — but without their band music — through the road and back into Protestant territory.

As the military vehicles withdrew, groups of enraged residents followed, throwing bottles and bricks at the last of the soldiers. Troops lined up with riot shields across the road and fired plastic rounds as they retreated down Garvaghy Road.

There were no immediate reports of serious injuries.

Anger in Catholic areas has been intense and, despite appeals for calm from Mo Mowlam, the Northern Ireland secretary, and Ronnie Flanagan, chief constable of the Royal Ulster Constabulary, a violent backlash began soon after the morning decision to allow the Protestants to march.

Fires, hijackings and backlash violence were reported in other towns.

In Lurgan, less than 10 miles (16 kilometers) east of Portadown, armed men seized a train, evicted the passengers and set it afire.

Police officials in Belfast reported sporadic rioting in anti-British areas of the north and west of the provincial capital, where vehicles were hijacked and burned.

In Armagh, a truck and a van were hijacked and set on fire. Also in Armagh, a half dozen masked men pulled a hospital worker from his car and attacked him.

New Cows Bear Blood Of Humans

Reuters

LONDON — Human blood is to be grown in farm animals, a British newspaper reported Sunday.

The Observer said that the British scientists who cloned the sheep called Dolly, the first cloned adult mammal, were now creating cows and sheep with human DNA to produce blood plasma for use in surgery and transfusions.

When these animals lactate, their milk will contain the key elements of proteins and antibodies that are in human plasma.

The technique, developed by PPL Therapeutics, the Edinburgh company that cloned Dolly, will provide a steady stream of cheap, safe blood products worth up to £1.5 billion ($2.5 billion) a year, the newspaper said.

Doctors are reported to have welcomed the breakthrough, saying it could save lives and help prevent the spread of blood-borne viruses like HIV and hepatitis.

Dr. Ron James, managing director of PPL, said: "We know from our work with Dolly that we can create genetically engineered animals from a single cell.

"Now we want to use that technology to produce one of the fundamental constituents of the human body," he said. "We are 99.9 percent certain we can do it."

Dr. James said that the first such plasma could be produced within months.

Tuesday

STYLE

From Paris to Milan, from New York to Tokyo, fashion editor Suzy Menkes covers the fashion front. With additional reporting on lifestyle issues, the Style section provides up-to-date information on developments in the changing world of creative design.

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BRIEFLY

Scientology Ban Is Rejected

HAMBURG — The German interior minister has said in a magazine interview that he sees no legal way of banning Scientology in the country.

At the urging of officials in Bavaria, who have been in the forefront of trying to restrict Scientology in Germany, the minister, Manfred Kanther said that his office had examined whether Scientology could be banned under the same law used against neo-Nazi of alleged terrorist groups. The results were insufficient to justify further action, the latest issue of the weekly Der Spiegel quoted him as saying. *(AP)*

Yeltsin Takes a Vacation

MOSCOW — President Boris Yeltsin started his summer vacation Sunday, heading for a hideaway in northern Russia where he is expected to go fishing.

The Itar-Tass news agency said that Mr. Yeltsin arrived at the government's guest complex in Karelia, a region noted for its many lakes, beautiful landscapes and good fishing. He is expected to spend at least a week at the resort, and then continue his vacation elsewhere. *(AP)*

6 Die as Pipe Slices Train

FRANKFURT — German prosecutors Sunday were investigating the cause of a freak rail accident that killed six people and injured 13 when a pipe twisted off a freight train and sliced open a passenger train.

Three men and three women were killed when the 15-meter (50-foot) iron pipe tore open a rail car filled with passengers, many of them youths beginning their summer holidays.

The accident occurred Saturday morning near the town of Stadtallendorfs, 80 kilometers (50 miles) north of Frankfurt. The driver of the freight train said he did not notice anything out of the ordinary before the accident. *(Reuters)*

Bomb Defused in Moscow

MOSCOW — An underground communist group planned to blow up a statue of Peter the Great in Moscow to protest government plans to bury the body of Vladimir Lenin, Russian news agencies reported Sunday.

Police defused seven sticks packed with plastic explosives that they found planted in the monument to the czar Sunday, the mayor's office told Interfax news agency. A detonator and 400 meters of cable were also found, a police spokesman said.

A group calling itself the Revolutionary Military Council of the Soviet Republic of Russia said it had planted the bomb as a warning to politicians who opened "the sacrilegious debate" over burying Lenin, who has lain embalmed in a mausoleum on Red Square since his death in 1924. *(AFP)*

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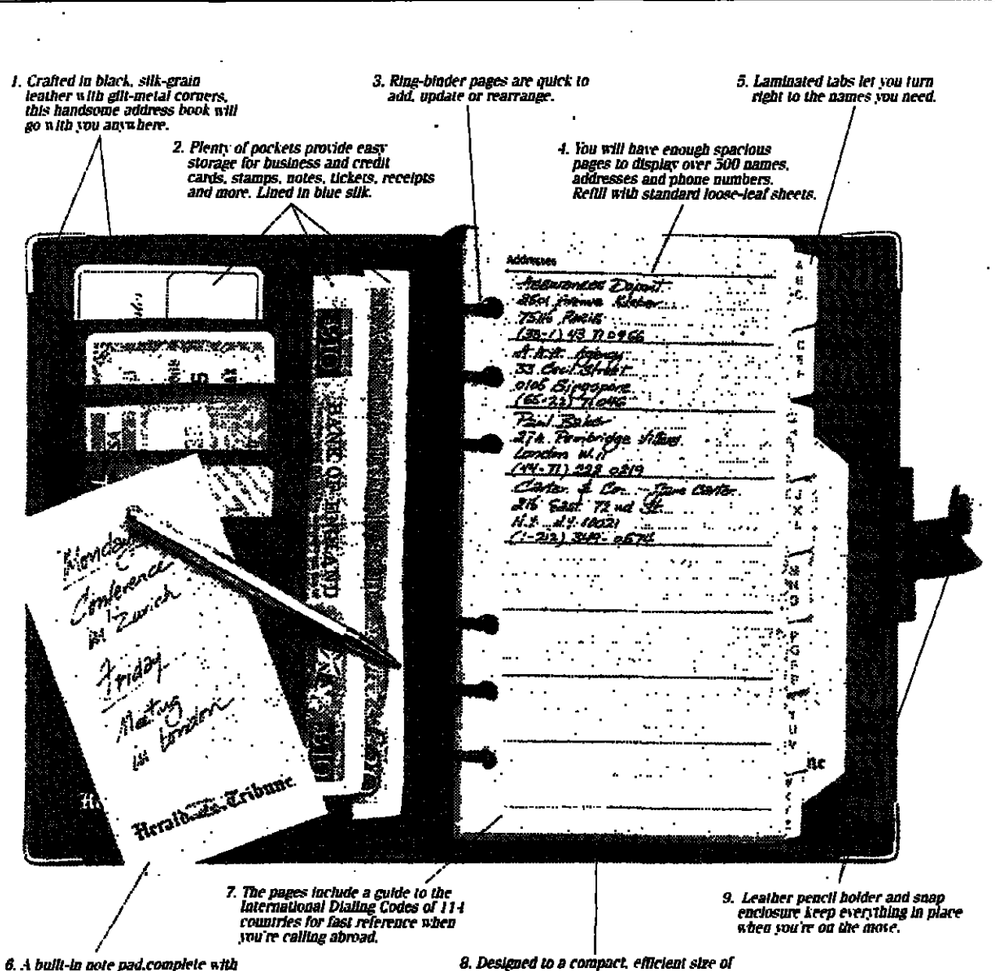
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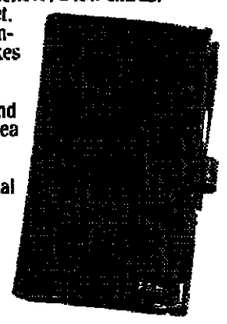
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RECRUITMENT

Appointment of Secretary-General

- The Arts Council of England is seeking to appoint a Secretary-General to lead its national operations.
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- The Chief Executive of the Council is the Secretary-General, who is appointed by the Chairman and the Council with the approval of the Secretary of State for National Heritage.
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- **For further details and an application form, please contact the Personnel Department, The Arts Council, 14 Great Peter Street, London SW1P 3NQ. Tel: 0171 630 0415 between 10am and 4pm. Minicom users may contact the Council on 0171 973 6564 (for deaf callers only). Closing date for receipt of applications: 27 July. Interviews will be held on Monday 15 September 1997.**

The Arts Council is committed to an equal opportunities recruitment policy.

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THE INTERMARKET Starts on Page 4

INTERNATIONAL

Hun Sen Allies Hold Most All Military Bases, Thais Report

By Thomas Crampton
Special to the Herald Tribune

BANGKOK — Top Thai officials said Sunday that Second Prime Minister Hun Sen's soldiers controlled most of Cambodia, giving him the upper hand in the fighting with forces loyal to First Prime Minister Prince Norodom Ranariddh.

Almost all military bases in Phnom Penh and many of the others around the country are held by Hun Sen and his People's Party, said General Rattana Chalermsanyakorn, director of information at the Thai armed forces Supreme Command Headquarters here.

A Foreign Ministry official, who refused to be identified, confirmed the army report, saying, "Most of the military bases are held by Cambodian People's Party troops."

Due partly to military ties and connections built through the gem and logging trade, Bangkok and especially the Thai Army have retained close ties to the various forces in Cambodia throughout its recent, turbulent political history.

As soon as the fighting broke out across the border, Bangkok refused entry or refuge to any Cambodian police or military personnel and placed troops on the highest state of alert, General Rattana said.

While the combat appeared to be fiercest in the capital, he said, fighting and heavy deployments occurred throughout the country, including in Siem Reap, the town where tourists stay when visiting the Angkor Wat temple complex.

A spokesman for the Foreign Ministry, Thinakorn Kanasuta, said 642 of the approximately 1,000 Thais in Cambodia had asked to be evacuated. But while the military kept four C-130 transport planes on standby Sunday, General Rattana ruled out an immediate rescue.

"We still consider it too dangerous to fly in," he said. Phnom Penh's Pochentong Airport was closed shortly after fighting began Saturday.

At least two foreigners, including a Japanese consulting engineer, were confirmed to have been killed in the weekend gun battles in Phnom Penh. At least 60 foreign nationals staying outside the capital have fled across Cambodia's land borders with Thailand and Vietnam.

International contact with Cambodia was virtually cut off throughout the weekend. The Thai Foreign Ministry was relying on shortwave radio to maintain contact with its Phnom Penh embassy, a ministry official said.

Mr. Thinakorn said that Bangkok was helping foreigners in Cambodia to reach the Thai border town of Aranyaprathet.

[The Australian military attaché, Colonel David Mead, led 59 foreigners to Aranyaprathet, from the northwestern province of Battambang, Reuters reported.]

An immigration official in Aranyaprathet said another convoy of expatriates was expected Monday morning.



Richard Vogel/The Associated Press

Phnom Penh residents fleeing along the Pochentong airport road after fighting erupted between supporters of the two feuding prime ministers.

CAMBODIA: *Hun Sen Declares Victory*

Continued from Page 1

hand him over just to Hun Sen."

Even if only temporary, the sounds of crickets in the empty streets Sunday night came as a relief from a long day of confusion, tension and the constant, intermittent booming of heavy weapons.

Most Cambodians said they were tired of politics and feuds and wished only that their leaders would leave them in peace to try to improve their lives.

"I have been sad for three days," one man said as he watched the troops in the streets. "This is not what the Cambodian people want."

The fighting was concentrated near the home of Prince Ranariddh, near his party headquarters and at contested royalist strongholds near the airport, as well as near the University of Phnom Penh on the western edge of the city.

But the shooting in those places sometimes seemed desultory and there were few prolonged exchanges of gunfire.

"It's weird," a foreign military attaché said. "If somebody was really serious about taking a place, you would do it a little more intensely. This is not all-out warfare. It's intimidation."

There was no reliable word on casualties, but hospitals were crowded with dead and wounded.

A young soldier on the front line near Prince Ranariddh's house — wearing a strip of white cloth on his uniform that identified him as part of Mr. Hun Sen's forces — said he was not eager to fight.

"It's not only you civilians who are trembling," he said. "I'm trembling too."

In his speech, Mr. Hun Sen said he planned to remain second prime minister and defer to the royalist party to name a first prime minister. In this way he apparently hoped to keep alive the structure of government put in place by a $2 billion effort in democratization fostered by the United Nations four years ago.

"They will go ahead with the election," said a royalist member of Parliament, Ahmad Yahya, referring to a vote that is scheduled for next May. "But it will be a rubber-stamp election."

In the longer run, several diplomats and political analysts said, the open break in the government coalition could drive the royalist party and the Khmer Rouge together in opposition to Mr. Hun Sen.

This would in effect restore an alliance in which the two groups fought Mr. Hun Sen's Vietnamese-backed government for a decade until a Paris peace accord in 1991 set the stage for the current coalition government.

"I told them," one diplomat said of recent discussions with Mr. Hun Sen's military advisers, " 'You're going to build up the Khmer Rouge, that's all.' "

In a worst-case scenario, he said, the country could divide along geographical lines, with Mr. Hun Sen controlling the provinces east of the Mekong River and the royalists controlling the west, along with the Khmer Rouge.

The diplomat said Mr. Hun Sen's forces had underestimated the determination of the militarily weaker royalists. What had been intended as a quick putsch had swelled into two days of fighting.

Similarly, he said, Prince Ranariddh had underestimated the fears he provoked in Mr. Hun Sen by negotiating with Khmer Rouge leaders.

"It is this kind of miscalculation that leads to civil war," the diplomat said.

Bosnian Serb Chief Fears for Life

Power Struggle Seen as Emboldening Karadzic

By Chris Hedges
New York Times Service

BANJA LUKA, Bosnia-Herzegovina — Officials close to Biljana Plavsic, president of the Bosnian Serb Republic, say she fears for her life and is considering fleeing if she loses her power struggle with Radovan Karadzic, her predecessor, who is charged with war crimes.

"This is a battle we will probably lose, but it is a battle to save the Serb Republic," said a senior Bosnian Serb official who is an ally of Ms. Plavsic's as the leadership crisis deepened.

The Bosnian Serb parliament is defying an order by Ms. Plavsic dissolving it because of its support for Mr. Karadzic.

Many Western diplomats and senior Bosnian Serb officials say the clash will probably only embolden Mr. Karadzic. Twice indicted by the United Nations war crimes tribunal, he has broken the promises he made last year to stay out of politics and retire from public life, although he did step down from office.

Mr. Karadzic's iron control of the police, coupled with the millions of dollars in revenues he earns from his monopoly on cigarette and gasoline sales, make him at once a formidable opponent and a very wealthy man, those officials said. Mr. Karadzic pays police salaries and greases the palms of senior officials in his governing party, the officials said.

A victory by Mr. Karadzic, the officials say, would be another bitter humiliation for the international community, leaving it unable to carry out the Dayton peace accord, which halted the civil war in Bosnia.

The officials said that short of a NATO arrest of Mr. Karadzic, who lives openly in Pale, there was little likelihood that his vast influence and power could be diminished. Such an arrest has been rejected by North Atlantic Treaty Organization commanders, who fear that it would trigger reprisal attacks on their 31,000-member peacekeeping force.

Mr. Karadzic and his supporters demand independence and eventual incorporation into neighboring Serbia in defiance of the Dayton agreement.

While Ms. Plavsic does not reject those goals, she contends that widespread corruption is destroying the viability of the Bosnian Serb enclave.

The crisis began when Ms. Plavsic tried to dismiss Interior Minister Dragan Kijac, accusing him of involvement in corruption. Ms. Plavsic was briefly detained by the police in Belgrade after the failed attempt to get rid of Mr. Kijac.

"The detention is a signal that Karadzic once again enjoys the backing of the Serbian president," a Western diplomat said, referring to Slobodan Milosevic.

■ CIA Plan for Capture Cited

The U.S. Army's Special Forces and the CIA have prepared a secret plan to capture Mr. Karadzic, U.S. intelligence sources say, the Los Angeles Times reported from Washington.

President Bill Clinton has not formally approved the plan, officials said, and instead appears to be hoping that increasing diplomatic pressure will prompt the Bosnian Serb government to surrender Mr. Karadzic peacefully.

But the administration has steadily increased the intensity of its rhetorical attacks on Mr. Karadzic in recent weeks, calling him a cancer that needs to be removed if the Bosnian peace process is to succeed. And sources said that top officials in the White House and the State Department have shown serious interest in the option of a military operation to capture Mr. Karadzic if diplomatic efforts fail.

Planning between Special Forces and the CIA's clandestine Directorate of Operations began last year on a high-risk operation to grab Mr. Karadzic and transport him out of the Bosnian Serb-controlled half of Bosnia, the sources say.

Under the plan instituted last year, Mr. Karadzic was to be taken to The Hague to stand trial before the international war crimes tribunal on former Yugoslavia.

His capture would carry enormous political risks, however, because it would inflame Bosnian Serbs, possibly threatening the Bosnian peace process and putting peacekeepers at risk.

Socialist Chief Says He'll Lead Albania

Reuters

TIRANA, Albania — The Socialist Party chairman, Fatos Nano, said Sunday he would be Albania's next prime minister after the Socialists were officially declared the winners of the troubled country's general election.

Mr. Nano will succeed another Socialist, Bashkim Fino, who was appointed interim prime minister in March after the government resigned and an early election was called to stem violence that erupted after the collapse of pyramid schemes wiped out many Albanians' savings.

"I will be the prime minister," Mr. Nano said as a second round of voting was held to decide several parliamentary contests.

"The leader of the party will become the leader of the executive," he said.

Mr. Nano, a multilingual economist, has been prime minister twice — as the head of Albania's last Communist administration, in 1991, and after the first multiparty elections won by the Socialists, the heirs to the Communists.

But the Democratic Party of President Sali Berisha won power in 1992, and Mr. Nano was sentenced to 12 years in jail on corruption charges in 1994.

He was freed and pardoned in March and has tried to recast socialism in Albania, Europe's poorest country, as a promoter of free enterprise and private property.

The Socialists were confirmed the winners of the vote by the Central Electoral Commission on Saturday, having secured more than 80 of the 155 assembly seats decided in voting June 29.

Runoff elections were being held Sunday in 34 seats across the country where no candidate had won a clear majority.

The second round will decide whether the Socialists and their leftist allies have the two-thirds majority needed to make constitutional changes in Parliament and to vote in a new head of state.

Many Albanians blame Mr. Berisha for the collapse of the pyramid schemes and for the ensuing violent protests in which more than 1,500 people were killed.

Mr. Berisha has vowed to resign as president once a leftist government is appointed. Mr. Nano would not comment on possible candidates for the position.

AUCTION: *Belongings of Duke and Duchess to Go on the Block*

Continued from Page 1

With current events uncannily echoing those of 60 years ago, Charles dreads the inevitable dredging up of the history of that era during the Sotheby's sale, the source said.

Reached for comment at his Hampshire home, the historian Hugo Vickers, author of "The Private World of the Duke and Duchess of Windsor," the official book about the house, said he was distressed at the idea that a piece of history would be sold and dispersed.

"I think it is disappointing," he said. "It is such an extraordinary story and so much effort was put into restoring the house — and now it will all be disbanded."

Mr. Vickers last visited the house on May 22, at a dinner given by Mr. Fayed for what would have been the 60th anniversary of the Windsors' wedding. Another dinner guest, Princess Ghislaine de Polignac, a friend of the Windsors, also said she was stunned by the news.

The Windsor villa, set in a secluded park, had been laid out by Mr. Fayed as a private museum. He now plans to use it as a family home, which is the reason for the sale, but Mr. Vickers said that he had heard discussions of a possible sale for more than five years.

The house in the fashionable Bois was the Paris home set up by the Windsors, who were obliged to live in exile after Wallis Simpson, an American divorcee, married Edward.

The most poignant items in the sale will be those pertaining to the love affair, such as the framed photographs of the duchess with which the duke surrounded his bed. There are also personal items, like the Meissen pugs modeled on the Windsors' dogs and the pug pillows in the duchess's bedroom, where she remained in a coma for her last years.

The silver-blue salon, by the society decorator Stephane Boudin of Jansen, the dining room with its chinoiserie panels and the duchess's bathrooms with painted wall decorations, are all integral to the house and will now disappear.

Among the paintings are a portrait of the duke as Prince of Wales out hunting by Sir Alfred Munnings, a portrait of the duchess by Gerald Brockhurst and a seascape by Eugene Boudin.

There is also a portrait of the duke's mother, the icily regal Queen Mary, by Sir William Llewellyn. In the lofty entrance hall is a pennant with the arms of the Prince of Wales that belonged to the duke's grandfather, Edward VII. Over the duke's bed are covers with the symbol of the Order of the Garter and the motto "Honi Soit Qui Mal y Pense."

Furniture includes a Louis XV commode; the original dining table, which Mr. Fayed recently brought back for the house; and a chinoiserie desk at which the duchess used to write out menus for her cook, who was obliged to sort out same-size lettuce leaves for the polished hostess to serve to guests.

For people looking for a fragment of history, the smaller items will be most desirable — especially those relating to the strange, obsessional love affair for which a king gave up his crown.

The most touching item probably lies on the duke's bedside table: the worn and faded doll that Queen Mary made for her son as a child and that he kept as a good-luck charm, although he was never able to speak to his mother about his love or persuade her to meet his wife.

MARS: *Robot Starts Work*

Continued from Page 1

surrounding Pathfinder in the stream of color images it had transmitted to Earth.

"The rocks are within 15 feet of the craft, which is sitting on an ancient flood plain called Ares Vallis.

With 3-D glasses, the rover's distant drivers back on Earth will conduct a "virtual" exploration of the nearby terrain, picking paths through the jagged rocks and boulders almost as if they were there by relying on images from the lander.

But the rover was essentially on its own once it received the activation sequence. The ground team could not know for some time whether the orders had been executed and, once a sequence had started, would have been unable to intervene in any case.

That is because it takes more than 10 minutes for signals to travel from Mars to Earth.

But when the first image of the bottom of the ramp came into view Sunday, with one wheel of the rover edging onto it, mission control erupted in cheers. Nine minutes later, the picture ground controllers had waited so long for suddenly appeared on the monitors.

"There it is!" members of the rover team shouted.

"We can report six wheels visually on soil," a NASA commentator confirmed.

Sojourner's human operators will choose its targets, laying out for its computer brain a path along the ground by means of coordinates, or "lawn darts," like a line of bread crumbs.

The rover, which moves at less than a half-inch per second, is supposed to follow that trail roughly to its destination but, based on what it "sees" along the way, Sojourner can pick its own route to avoid any unacceptable hazards.

If Sojourner gets into a situation it thinks it can't handle, a rover engineer, Ronald Banes, said, "it says, 'I'm just going to stay right here.' "

The $25 million Sojourner's assignment is to spend at least a week testing its mobility, taking snapshots to relay back home and deploying an instrument called an alpha proton X-ray spectrometer.

When poked up against a rock or the surface soil, this can analyze the object's composition.

Sojourner will study the Martian soil by measuring its own wheel sinkage and by sensing the wear on different thicknesses of paint on the wheels.

OIL: *Ex-Government Officials Push Washington to Let U.S. Companies Take Part in the Rush to Azerbaijan*

Continued from Page 1

fee from the company, which is a partner in the Azerbaijan International Operating Co., known as AIOC, the main foreign oil consortium in Azerbaijan.

"I'm a big booster of Azerbaijan because the United States has big interests out there," Mr. Scowcroft said in an interview. "That's a huge pool of oil. It's time we woke up."

American firms have a 40 percent stake in the Azerbaijan International Operating Co. AICO is a client of Mr. Baker's law firm, while Mr. Cheney is chairman of Halliburton Co., an oil services firm operating in the Caspian fields.

Mr. Sununu's management consulting firm, JHS Associates, is expected to sign a contract with the Azerbaijani government during a U.S. visit next month by the Azerbaijani president, Geidar Aliyev, according to Azerbaijani sources.

At a gala dinner here in May for the Azerbaijani prime minister, Artur Rasizade, several hundred U.S. businessmen savored Caspian caviar and rubbed shoulders with Azerbaijani visitors.

At a reception the next night, Mr. Bentsen likened Azerbaijan's struggle for independence to that of his home state of Texas.

Mr. Bentsen is a shareholder in Frontera Resources, an oil services company working in Azerbaijan. Frontera is chaired by another Texan, William White, a former deputy secretary of energy in the Clinton administration.

Mr. Brzezinski is a consultant to Amoco Corp., another AIOC partner promoting Azerbaijan's cause in Washington.

None of the former officials is a registered lobbyist for Azerbaijan. But most are members of the U.S.-Azerbaijan Chamber of Commerce, the most forceful advocate in Washington for U.S. investment there.

Their presence has added a political and economic dimension to an annual battle in Congress between supporters of Azerbaijan and backers of its rival, neighboring Armenia. The powerful Armenian lobby blames the Azerbaijani government for repressing the Armenian population in Nagorno-Karabakh.

The enclave is claimed by both Muslim Azerbaijan and Armenia, inhabited mostly by Christian Armenians. Fighting between the two sides in and around the enclave eased with a cease-fire in May 1994, but negotiations to resolve its status have stalled. In the meantime, Azerbaijan — formerly Armenia's principal source of oil — continues to impose an energy blockade on its neighbor.

The U.S. policy being contested is a provision in the 1992 Freedom Support Act — inserted at the urging of pro-Armenian members of Congress — which prohibits direct U.S. economic and humanitarian aid to Azerbaijan until the Baku government takes "demonstrable steps" to lift its blockade. As a result, Azerbaijan has received barely $100 million in U.S. aid for limited humanitarian purposes, routed through private relief groups, compared with more than $600 million in direct assistance to Armenia

But the Armenian lobby's grip on Congress is now being challenged. U.S. oil companies and their supporters in Congress are mobilizing to increase awareness of the stakes in the Caspian basin.

For its part, the administration is promoting an end to the ban on U.S. aid to Azerbaijan. It has joined Russia in a diplomatic effort to settle the Nagorno dispute. A State Department report in April noted, "The Caspian region could become the most important new player in world oil markets over the next decade. The U.S. has critical foreign policy interests at stake" — world energy supplies, the sovereignty of former Soviet nations and the isolation of Iran.

NATO: *Challenge Isn't Who'll Belong, but How to Give Security*

Continued from Page 1

recognition of a separate European leadership role in the alliance. After an economic and political summit meeting in Denver last month, the French went so far as to complain about American temptations toward "hegemony."

The French government had been leading a European charge to have Romania and possibly Slovenia included — in addition to the Czech Republic, Hungary and Poland — on the list of the first formerly Communist NATO members. But officials indicated last week that France would not block a consensus on keeping the list to only three countries.

Still, there is one thing on which all Europeans agree, and that is the need for decisive and strong leadership from America on the key flesh-and-blood security issues confronting the alliance.

The biggest such issue is how NATO can encourage lasting stability in Eastern and Southeastern Europe. Such problems as Russia's relations with the Baltic countries and Ukraine, as well as historical tensions among Romania, Hungary and Moldova over substantial ethnic minority populations, have pushed all these countries toward a closer relationship with the alliance.

And here the precedents being set in Bosnia are no less crucial than they were in late 1995, when a NATO peacekeeping force commanded by American officers went in.

A year and a half later, European diplomats and government officials agree, the Bosnian parties are no closer to a lasting political solution than they were during the war. But American troops are scheduled to pull out of Bosnia in mid-1998, and unless Mr. Clinton changes that, diplomats fear, Europe may find itself right back where it started.

"If the United States leaves, we all leave," said President Jacques Chirac, who played an important part in persuading America to get involved in Bosnia in 1995.

France is the largest single European contributor to the now 33,000-strong NATO force in Bosnia, 8,000 of whose troops are American.

"There has to be a U.S. component in any kind of permanent solution," Carlos Westendorp, the new international civilian coordinator in Bosnia, told a European Parliament committee last week.

Keeping troops on the ground is only one issue. Europeans and Americans agree that even if they stay, there will be no peace in Bosnia unless the many people indicted on war crimes charges there are removed from the political scene and brought to justice.

EUROPE: *No NATO Doubts for Germany*

Continued from Page 1

ousness of the new facts have rolled over routine partisan politics in the Bundestag to the extent that about 90 percent of its membership backs expansion. Last week, Joschka Fischer, the parliamentary chief of the Greens, the historically anti-military, anti-nuclear, anti-NATO party, got on board, after strong resistance among his party friends.

Significantly, the rationale offered for the turnabout of the Greens' leadership poked at a taboo that has fallen away in Germany as enlargement comes closer. Essentially, it acknowledged that fear of the Germans, just as much as of the Russians, was a basic legitimizing element in the East European desire "to seek protection from future threats" through NATO membership.

This kind of argumentation has real currency among Europeans who, living close to their history, regarded German unification as having a menacing undertone, particularly if some kind of instability came to the German borders from the east. In the context of the enlargement debate, such notions are occasionally described as abstract by Americans involved in the cost projections of the Pentagon and Congressional Budget Office, but they are now in the open, and foremost in German thinking.

"For many Europeans, NATO expansion and the American role is directed against their fear of the Germans," said Karsten Voigt, parliamentary foreign policy spokesman of the Social Democratic Party. "I don't want people to be afraid of us. Therefore, I want the Americans, and I want NATO enlarged."

For more conservative Germans there was the practical prospect of having a new Polish ally serving as a buffer between Russia and the German border. With France a friend in the alliance since 1949, the Polish, Czech and Hungarian linkage could close off the last notions of German encirclement, a goad or pretense for German aggression in the past.

Because the process was considered a historic success, German officials were irritated by President Jacques Chirac's open support of Romania at the same time that the United States was indicating it considered Romania's candidacy one for a later round. They said Mr. Chirac had broken an agreement not to offer specific support to any country, obviously complicating a difficult domestic issue for President Bill Clinton.

Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

A Gratuitous Risk

Bill Clinton heads to Madrid this week to construct the foreign policy centerpiece of his presidency, the eastward expansion of NATO.

The United States has initiated no more fateful enterprise since the end of the Cold War, yet it has done so largely without public discussion. With NATO planning to issue invitations to three new members in Madrid, a national debate can no longer wait.

Twenty senators, representing both parties, did their best to start one last week. In a thoughtful, deceptively mild letter to President Clinton, the lawmakers identified many of the questions about NATO expansion that Americans ought to consider before committing their soldiers and nuclear weapons to the defense of Warsaw, Prague and Budapest. The letter attracted little public attention, but it was closely read by administration officials looking for some early indication whether a two-thirds majority in the Senate can be assembled in 1998 to approve NATO expansion.

It is too soon to know, but the 20 senators, led by Kay Bailey Hutchison of Texas, served notice that cornerstone elements of the NATO plan look badly conceived and that the administration has so far done a dismal job of explaining and justifying the decisions that will be taken in Madrid. A stronger letter was sent to Mr. Clinton last month by some 40 Americans with European expertise, including former Senators Sam Nunn and Bill Bradley.

Tinkering with the map of Europe is not something to be done lightly. Two world wars started on the Continent this century and it was the primary battlefield of the Cold War. Europe today is largely at peace and the great threat to democracy, the Soviet Union, vanished in 1991. If the map is to be redrawn, the reasons must be overwhelming and the potential consequences beyond doubt. NATO expansion does not now meet those tests.

The Hutchison group, for instance, would like to know what military threat NATO expansion is intended to counter, now that the Russian threat has receded. The senators, including the conservative Republican Jesse Helms and the liberal Democrat Paul Wellstone, wonder whether potential armed border disputes among new NATO members would warrant the use of American forces, as provided under NATO security guarantees. They are also concerned that NATO growth might jeopardize Russian approval of current and future agreements to cut nuclear arsenals.

Two important issues cited by the senators flared up even before Madrid. One is that NATO enlargement may divide Europe into two classes of nations, those admitted to the alliance and those excluded.

Even promises of future consideration for countries like Romania, Slovenia, Latvia, Lithuania and Estonia would leave them on the sidelines politically, militarily and economically. That may well turn into one of the most damaging consequences of expansion.

The answer is not to admit every applicant now. Even proponents of expansion recognize that doing so would overwhelm and weaken NATO.

That leaves Washington and its allies skirmishing over the pace of expansion. A showdown was barely avoided in Madrid when France last week withdrew its insistence that Romania be offered membership immediately. This issue will continue to be a source of corrosive friction within the alliance.

The other immediate concern is the financial cost of expansion and how it should be apportioned among NATO members. The Clinton administration, not surprisingly, has calculated a relatively modest $35 billion price tag spread over 13 years to modernize the military forces of new member states. Washington's share would be roughly $2 billion, or 6 percent. Other estimates run much higher, up to a total cost of $125 billion, with Washington paying $19 billion, or 15 percent. Senator Hutchison and her colleagues legitimately ask how the White House can be so certain Washington will ultimately cover just a fraction of the bill.

Hanging over the whole expansion plan is the potential adverse impact on Russia as it moves painfully toward democracy and free markets. Helping Russia complete that transition should be the primary objective of American policy today. NATO expansion, though grudgingly accepted by President Boris Yeltsin, seems likely over time to embolden Russia's anti-democratic forces. The first time NATO rejects Moscow's advice at a new consultative council set up to ease the concerns of Mr. Yeltsin, his accommodation with the alliance is certain to come under withering attack at home.

Given the absence of a clear threat to Europe and the possibility of so many unpredictable consequences, NATO expansion seems a gratuitous risk. If Mr. Clinton is determined to make it happen, he has an obligation to tell the American people why he is so sure it will not undermine stability in Europe and lead to a waste of American resources. He can begin in Madrid.

—THE NEW YORK TIMES.

Nuclear Proliferation

No grimmer and higher-staked contest is being played out anywhere in the world than that between those who would spread nuclear and other weapons of mass destruction and advanced conventional weapons and those who would restrict them. This is the thrust of the latest public counter-proliferation report of the CIA. The report advertises not only the efforts of the would-be proliferators in weapons and in the missiles to carry them but also, in part, the reach of the intelligence agencies that are tracking those programs down.

By and large, the countries described as on the prowl for special weapons of different sorts come from a familiar list. These include the generally certified rogue regimes of Iran, Iraq and Libya, some of the Arab police regimes (Syria, Egypt) and the matched-against-each-other pair of India and Pakistan. The countries identified as "key suppliers" include China and Russia, which are prospecting for influence and cash, and the isolated and still-renegade North Korea.

But look who else is on that short and dubious list — Germany, a "favorite target" whose export controls thwarted "many" would-be proliferators even while "some dual-use goods were exported, purportedly to civilian end users."

The most interesting pages of this report focus not on weapons but on the description of the net the United States and other governments continue to weave to stop and slow dangerous programs. "While it is an extremely difficult problem," the report says, "U.S. government efforts have made some progress, making both the acquisition and development of weapons of mass destruction more difficult and costly for proliferators." Interdiction can supplement both the diplomacy meant to reduce the perceived need for a special weapons program and the education measures intended to show the funds could be better spent elsewhere. Financial and security incentives can be offered, too.

The trends are not comforting. "Countries of concern" continue to acquire "substantial" amounts of dangerous equipment and technology. China and Russia, still the prime suppliers despite their past assurances of cooperation, remain to be brought fully into attempts to stem the flow. By developing their own procurement networks as well as their own weapons-building capabilities, proliferators slip the noose. Think, concludes this global alert, of an unconstrained Iran.

—THE WASHINGTON POST.

Other Comment

Pyongyang's Decision

Whether North Korea's interest in making peace will remain if its food problems are ameliorated is the crucial question.

Is it ready to end its global isolation by taking the key first step of normalizing relations with South Korea? Is it ready to strengthen its economy by, among other things, diverting some of its staggering military outlays to more productive uses? The opportunity is at hand. What is yet to be demonstrated is whether the political decision to seize that opportunity has been made.

— Los Angeles Times.

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A New NATO for a New Europe and a New Era

By Javier Solana

The writer is secretary-general of the North Atlantic Treaty Organization.

BRUSSELS — The NATO summit meeting in Madrid will launch a new phase in building the cooperative security order in Europe for the 21st century. It will endorse at the highest level the adaptation of the alliance to meet the challenges of today and of the future. Together, these decisions will ensure that we are well on course toward our goal: a new NATO for a new Europe.

Three previous NATO summit meetings charted the path to Madrid. The London summit in 1990 marked the beginning of a cooperative relationship with NATO's former adversaries, thus ending the Cold War for good. The Rome summit in 1991 launched a new strategic concept and a distinct framework for cooperation with the new partners to our east. The Brussels summit of 1994 saw the beginning of NATO's enlargement process, the launching of the Partnership for Peace initiative, a NATO policy on preventing proliferation, and concrete work on developing a European security and defense identity within NATO.

The Madrid summit will add to the record of achievement. But unlike the meetings in London, Rome and Brussels, which focused on individual elements of NATO's political and military reform, Madrid will bring together these elements to form a coherent whole. And it will do so in the context of a vigorous program of wide-ranging cooperation with the nations of the Euro-Atlantic region.

A glance at Monday's summit agenda confirms that the essential elements of our strategic vision are coming together:

- We will invite several countries to start accession negotiations with the alliance. Our goal is for the new members to join by 1999, NATO's 50th anniversary.
- We will commit ourselves to a robust "open door" policy concerning further accessions.
- We will start a substantially enhanced Partnership for Peace program, deepening and intensifying our cooperation with all our partner countries.
- We will intensify political consultations with our partners through the recently created Euro-Atlantic Partnership Council.
- We will reconfirm our strong commitment to developing genuine security partnership with Russia, building upon the NATO-Russia Founding Act, signed in Paris on May 27, which establishes concrete mechanisms and procedures for consultation, cooperation and coordination between NATO and Russia.
- We will sign a charter with Ukraine on a distinct and effective partnership.
- We will enhance the dialogue with our Mediterranean neighbors.
- We will make further progress in developing a European security and defense identity within the alliance.
- We will take stock of progress in the alliance's adaptation to carrying out its new missions of peacekeeping and crisis management as well as its traditional role of collective defense.

The implications of these initiatives go far beyond the Atlantic alliance itself. Indeed, the Madrid agenda is a manifestation of NATO's wider role as a catalyst for political change across the entire Euro-Atlantic area. It demonstrates that allies and partners, freed from the political and military straitjacket of the Cold War, no longer define their security interests in narrow terms.

The unique NATO-led coalition in Bosnia is perhaps the most visible manifestation of that new cooperative approach. The success of the Implementation and Stabilization Forces, with the participation of so many non-NATO nations, shows the adapted NATO in action. We will continue to improve our ability — both within the alliance and in cooperation with our partners — to meet new challenges. The Madrid meeting gives us the political and military mechanisms to do this.

The new NATO post-Madrid will thus be very different from the NATO of the past. Politically, the alliance of the future will have more members and a much closer relationship with its partners. It will also have distinct relationships with Russia and Ukraine. And it will have an institutionalized Mediterranean dimension, through a continuous dialogue with our southern neighbors.

In reforming NATO's military structure, we will ensure that its essential multinational character remains firmly intact. But the reform will result in fewer headquarters, greater operational flexibility and an openness to working with partners in preparing future joint operations. In these areas, NATO's new military structure will bear little resemblance to its predecessor.

The reformed structure will also feature a distinct and visible European element within it, enabling future European-led coalitions to act with NATO's support. It thus makes good on NATO's promise to give more responsibility to the European allies, a part of a new trans-Atlantic bargain for the next century.

Despite the many changes, the alliance fundamentals will remain. NATO's commitment to the collective defense of its members is one such fundamental. This mutual obligation is at the very heart of the alliance, and we have no intention of changing that. Nor will we do away with NATO's unique military characteristics, which after all give NATO its credibility as a political actor.

And yet another thing NATO will not change: its trans-Atlantic vocation. The new NATO, just like the old one, will remain the cornerstone of the trans-Atlantic community. The Madrid summit meeting will both confirm the dynamism of this community as well as ensure its successful continuation well into the next century.

International Herald Tribune.

Guilt and Emotion, Not Strategy, Prompt Enlargement

By Jim Hoagland

WASHINGTON — President Bill Clinton and the leaders of Europe sleep in the same bed but dream different dreams about the future of the Eurasian landmass. Their security summit meeting in Madrid this week will begin a painful awakening to significant differences.

The midweek communiqués and press conferences in Madrid will stress alleged unity on grand strategy. Take them with a grain of salt. Here's why:

Guilt and emotion rather than strategy bring the 16 leaders to Madrid to expand the NATO alliance into Central Europe, as President Clinton has been demanding for more than three years. A joint visit to a therapist's office would have been more appropriate.

A quick man with a national apology, Mr. Clinton decided in 1993 that America had to atone for sins of the past by bringing the Czech Republic, Hungary and Poland into the North Atlantic pact. How then could the leaders of Britain and France, which abandoned these countries to Hitler *despite their solemn promises*, or Germany, which occupied or absorbed them, say no?

The three candidate countries were indeed wronged by the Europeans at Munich. And then at Yalta, they were inescapably left by the West to the fate of Soviet occupation. Mr. Clinton and his aides stress these historical crimes in explaining their push for a military expansion to counter a rapidly declining conventional threat from Moscow. But expanding NATO now will not right those wrongs nor atone for them.

The emotional basis for Mr. Clinton's conversion to NATO expansion is clear. His former national security adviser, Anthony Lake, and others say the decisive moment came during a ceremony marking the opening of the Holocaust Museum in Washington in 1993, where Mr. Clinton's aides seem to have allowed him to be repeatedly guilt-tripped by Vaclav Havel and Lech Walesa.

"It was raining hard," Mr. Lake recounts in a recent op-ed article that he co-authored with Zbigniew Brzezinski, Jimmy Carter's national security adviser *(IHT, July 1)*. "The dramatic weather reinforced a moment that was filled not only with moral imperative but also with strategic possibility."

Come again? What if it had snowed, or hailed? Would Moscow be reduced to nuclear rubble today?

Emotions and guilt of course do shape big political decisions. But they are uncertain currency in alliance transactions, where other leaders' senses of history and atonement come into play in different ways. This will become apparent after Madrid, as Europe and America argue over who will pay for NATO expansion and where the alliance's eastern frontier will come to rest.

The Clintonites do not have convincing answers for these questions. As on so many other matters, the president behaves like an F. Scott Fitzgerald character at this point: Like Jay Gatsby and his friends, he leaves the messy details of his adventures for others to clean up. Like Gatsby, Mr. Clinton is popular but not respected.

The Gatsby syndrome has been evident for some time now with the American public. Madrid, following on the heels of the Group of Eight mishmash in Denver, should establish that the liked-but-not-respected syndrome has also taken hold with Mr. Clinton's peers in America's most important alliances.

If they were to speak candidly in public, President Jacques Chirac of France and Germany's Chancellor Helmut Kohl would disclose two significant differences with the Clintonite dream of NATO expansion:

Both believe it should stop at the frontiers of the former Soviet Union, effectively excluding the Baltic states and Ukraine from future NATO membership. "Do not humiliate the Russians," Mr. Chirac keeps telling Mr. Clinton on this point. Mr. Chirac favors special NATO links to the Baltics and a charter agreement on security with Ukraine similar to one NATO has signed with Russia. Mr. Clinton says everybody is eventually welcome in NATO.

And the Europeans are convinced that large increases in military spending — as the Pentagon says are needed to bring Central Europe up to NATO standards — would be *self-defeating folly. If America* insists on building up Polish airfields to be able to handle nuclear-capable aircraft in an emergency, America will have to pick up most of the tab, Mr. Kohl and others suggest. The Senate may feel differently.

In private comments to American interlocutors during a visit to Washington last month, Mr. Kohl made clear that for him NATO expansion is about one country: Poland. Admitting Poland expiates German guilt. It removes Warsaw as the object of the historic Berlin-Moscow competition in Central Europe. It is a political and psychological act for Mr. Kohl, not a military decision that provides American generals with new toys and territory for war games.

No huge labor on a lengthy communiqué is needed to sum up the Madrid gathering. It already exists in the concluding line of "The Great Gatsby": "So we beat on, boats against the current, borne back ceaselessly into the past."

The Washington Post

Both Sides Must Get to Work Mending Frayed U.S.-Sino Ties

By David Shambaugh

BEIJING — With a scheduled summit meeting between Presidents Bill Clinton and Jiang Zemin in Washington less than four months away, Chinese officials and analysts here are keeping a close eye on the raucous debate over China policy in Washington. They express consternation over the recent China-bashing in the United States — termed the "anti-China wave" — and fear it could lead to a real retrogression of relations.

Chinese officials are adamant that they seek to avoid further deterioration of ties with the United States. Rather than fuel the emotional and ideological passions emanating from Washington, America specialists here claim that Beijing this year has intentionally toned down its anti-American propaganda machine and taken concrete steps to become a good global citizen by becoming more actively involved in multilateral security regimes.

Nonetheless, civilian and military officials in Beijing are mystified by the origins of this new round of anti-China sentiment in America. They hope the U.S. debate will turn out like an ancient Chinese proverb: "much thunder without rain." They probe American interlocutors for the sources of this new invective but have a tendency to blame it on unreconstructed Cold War ideologues searching for a new enemy to replace the Soviet Union. Some also think Taipei is manipulating the current American debate on China policy.

These perspectives are troubling, as they are largely inaccurate and do not take seriously the many concrete issues that drive American displeasure with the regime in Beijing: human rights abuses; the bilateral trade deficit; the terms of China's accession to the World Trade Organization; China's advanced arms purchases from Russia and sensitive weapons transfers to Iran and Pakistan; the rollback of Hong Kong's democratic freedoms; religious repression; birth control practices and policies; Beijing's belligerence toward Taiwan and Tibet, and China's recent criticisms of U.S. defense alliances and military forces in the Asia-Pacific region.

In the months leading up to Mr. Jiang's state visit there is much work to be done to prepare a substantively successful meeting. If tangible progress is not made in several key areas, the domestic critics of Mr. Clinton's policy of "comprehensive engagement" will have the day and relations between these two great powers could quickly deteriorate into a new Cold War.

Both sides should work toward substantive progress in four key areas. First, with regard to human rights, it would be helpful if China permitted Red Cross access to its prisons, released key dissents like Wang Dan and Wei Jingsheng and signed both UN covenants on human rights. Second, China's full membership in the Missile Technology Control Regime and tightening of its export control procedures would relieve concerns about its weapons exports and suspected nuclear proliferation. Third, both sides should push for final agreement on the terms of China's accession to the WTO. Fourth, China should publicly acknowledge its willingness to work with the United States to reduce its $40 billion trade surplus.

In addition, Beijing can take three other steps to improve the atmosphere for a successful summit meeting: minimal disruption of Hong Kong's freedoms and democratic institutions; the commencement of direct dialogue with Taiwan and the Dalai Lama's representatives, and a cessation of attacks on the U.S.-Japan alliance and the deployment of U.S. military forces in Asia.

In return for these Chinese initiatives, Washington should reciprocate by granting permanent most-favored-nation trading status to China; dropping its attempts to condemn China at the United Nations Commission on Human Rights; announcing a new moratorium on advanced arms sales to Taiwan, commensurate with a lessening of tensions across the Taiwan Strait; lifting the remaining nonmilitary sanctions in place since 1989, and sponsoring China's entry into the G-7 group of industrialized nations.

Such trade-offs could go far toward making the planned late-October Sino-American summit meeting successful and substantive. They would certainly be important in stabilizing the bilateral relationship and, in turn, world affairs. A Sino-U.S. deal would also boost each president's domestic political standing and enhance their credentials as statesmen. For President Clinton, it would also vindicate and rescue his administration's embattled policy of engagement.

It would also help Jiang Zemin's consolidation of power in the post-Deng era. While *primus inter pares* among China's collective leadership, Mr. Jiang is currently fighting domestic political battles on several fronts. He has begun to stake out a distinctly reformist line of late, distancing himself from the conservative outgoing prime minister, Li Peng, and drawing closer to the more maverick National People's Congress chairman, Qiao Shi. By publicly backing joint stock ownership and placing the nagging issue of state-owned enterprise reform near the top of the regime's agenda, Mr. Jiang is also trying to distance himself from hard-line leftists who are trying to turn the issue of public (i.e., state) ownership into the post-Deng political Rubicon. In a recent speech to the Central (Communist) Party School, Mr. Jiang also adopted several themes of political and economic reform not heard since 1989 and previously associated with the purged Communist Party leader Zhao Ziyang.

These recent steps could signal that Jiang Zemin is stepping out of the post-Tiananmen shadow and embracing a more reformist path at home — which is the single most important step he could take to improve Sino-American relations.

The writer is professor of political science and international affairs, and director of the Sigur Center for Asian Studies, at George Washington University. He contributed this comment to the Herald Tribune.

Give China the Benefit of the Doubt

MIGHT not a little sliver of sunlight be permitted to invade the dark clouds of East-West relations and brighten our day? After all, North Korea has now ended its long and ill-advised diplomatic holdout from vital talks with the United States, China and South Korea.

And now that Hong Kong has reverted to Chinese sovereignty, it is vital that we in the West and those in Beijing allow Tung Chee-hwa and his team a *modicum of goodwill to let* them get on with the task at hand. Should Beijing's stewardship of Hong Kong prove to be sensitive, adept and well-intentioned, the result will be a colossal diplomatic triumph for China. Conversely, if Beijing fumbles this historic chance to show it is a skilled player in the big league of nations, all of us will have ample opportunity to criticize, castigate and condemn.

I am convinced that the leaders of China are serious in their commitment to raise the living standards of the Chinese people and that they fully appreciate how important Hong Kong will prove in that effort. Indeed, without Hong Kong, that goal is virtually impossible. So Beijing will assign its best people to this account. China's best people — and I have met many of them — are very good indeed. China will fail only if its thugs and unthinking ideologues get control. I don't think they will.

— Tom Plate, commenting in the Los Angeles Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: N.Y. Swelters

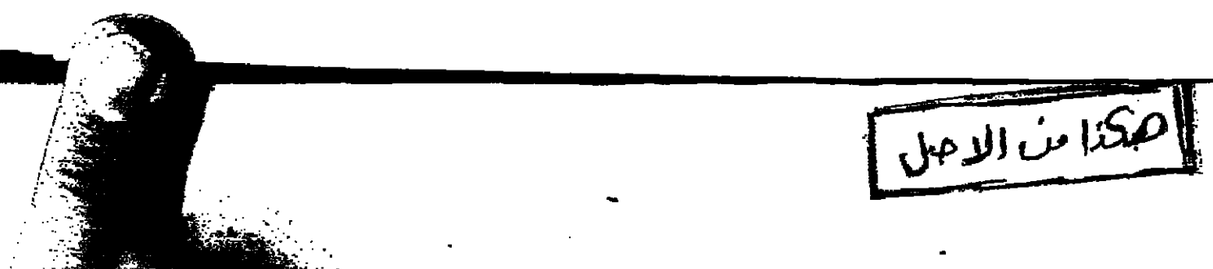
NEW YORK — It was sizzlingly hot in New York to-day [July 7]. The mercury did not go below 20.5 degrees Centigrade, and as soon as the sun was up the thermometer jumped upward until 3 p.m. and registered 38 degrees Centigrade. Everybody flocked to the shady sides of the streets. In the business sections men went along swinging their hats in their hands and mopping the perspiration from their faces and necks. There were four prostrations in the city. In Detroit, there were thirteen deaths from sunstroke.

1922: Czarist Offensive

PARIS — Some kind of Monarchist revolution seems to be in active preparation in Russia. Various emissaries are now travelling with astonishing freedom between the leaders of the White Russians in Paris and Bolshevist Russia. They are saying that the Bolshevist régime is about to expire with Lenin's approaching disappearance and that many Bolsheviks themselves, rather than have the country relapse into absolute anarchy, are now willing to negotiate for a constitutional monarchy under one of the Romanoffs.

1947: East Hesitates

LONDON — As Britain joined France in appealing to Russia to reverse her blockade of the Marshall plan for European reconstruction, Communist-influenced states awaited signs from Moscow before deciding whether to go along with the Western democracies. Indecision was apparent in official circles in Yugoslavia, Hungary, Romania and Bulgaria, despite full backing in the Communist press of the Russian stand that broke up the Paris three-power conference on the Marshall offer.

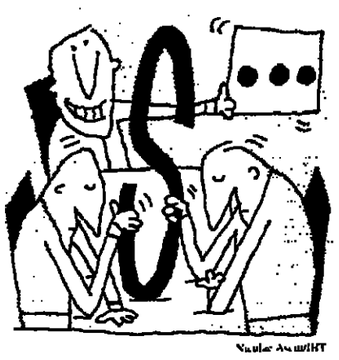


هكذا من الاهرام

LANGUAGE

Conduct Unbecoming a Word Maven

By William Safire



Nicole Ancelin/IHT

WASHINGTON — "Ouch!" That is the full text of a note sent to me by William F. Buckley of the National Review attached to a clipping of a political column of mine that began, " 'Conduct unbecoming an officer and a gentleman' is one of those phrases that sounds as if it comes out of Kipling." The ouchifying word was the verb *sounds*.

This is the second time he has caught me in that mistake. Only 12 years ago, I wrote about "one of those little episodes in the relations between nations that illustrates the nature of alliances," and in came that little blue note from Buckley expressing dismay with his customary one-word excoriation. The offending verb in that case: *illustrates*, with an *s*.

One critic does not make a winter. I waited for the other shoe to drop, and in the next mail came a missive from Alistair Cooke, whose gentle BBC eye has not lost its sharpness. On the back of the envelope, a battle cry from some forgotten war: "Remember the Ellipse!" And, like an anti-blurb, "Absolutely indefensible — Fowler."

Kissing the rod brandished by the author of "Buckley: The Right Word," edited by Sam Vaughan (Random House, $28), I can ease Bill's pain and mine: in the sentence beginning, "'Conduct unbecoming an officer and a gentleman' is one of those phrases *that* . . .," what is the antecedent of the relative pronoun *that*? Is it *one*? If *one* were the antecedent, then *that* would be followed by a singular verb, *sounds*, with an *s*.

□

But *one* is not the antecedent. (I think I'll memorize this.) To see what the antecedent is, turn the sentence around: "Of those phrases *that* . . ., 'conduct unbecoming an officer and a gentleman' is one." *Phrases* is the antecedent; it's plural, demanding the plural verb *sound*. (Use the singular verb when *one* is the only one, as in, "That is the only one of the phrases that sounds right.")

Come at it another way. In a sentence beginning, "One of the language mavens who plants 'mistakes' in columns to draw interesting mail is . . .," what is the subject of the relative clause? *Is it One?* No; it's *who*, referring to the *language mavens*, plural, and the relative clause that follows should have the plural verb *plant* (unless it's "the only one of the language mavens who plants ... ").

Therefore, in my lead sentence, "one of those phrases that sounds" should have read "one of those phrases that *sound*."

That takes care of the damnably rather-be-right Buckley. But here is where I get blindsided by Alistair (Remember the Ellipse!) Cooke.

The *Ellipse*, to most of us, is the place behind the White House.

That sense, from the Greek for "falling short," is not a criticism of President Clinton's stewardship, but has to do with the shape of the lawn — falling short of a perfect circle, squeezed down into a sort of egg shape, a closed curve formed by sectioning a cone.

That is not the meaning of *ellipse* Cooke has in mind. He is using the clipped form of *ellipsis*, "the omission of words that the context makes unnecessary," another falling short of completeness and perfection. (His shortening reflects a clip by the grammarian Henry Fowler that is not yet in most dictionaries, but language mavens often push lexicographic envelopes.) Scrupulous writers use three dots to indicate an *ellipsis* in a quotation when pithiness is desired but some stuffed shirt goes on and on. We don't bother with the three dots in everyday language when the meaning is clearly understood: when *if it is possible* becomes *if possible*, not even a pedantic copy editor kicks about the missing dot-dot-dot.

□

Now to Cooke's beef. Using brackets, we can put back into my sentence the words I left out, in undotted *ellipsis*, because they are understood. " 'Conduct unbecoming an officer and a gentleman' is one of those phrases that sounds as [it would sound] if it comes out of Kipling."

The end of that sentence is cockeyed. Earlier, I agreed to fix the *sounds* to *sound*, but Cooke is belting and flaying me for a different mistake, one masked by my *ellipsis*. As the addition of the words *it would sound* (formerly in *ellipsis*) to my sentence clearly indicates, the use of the present indicative, *comes*, is flat wrong; because I *am in the conditional*, stating a possibility, it should be in the subjunctive, *come*. To use the present indicative *comes* in this case would be as bad as using *is* instead of the correctly subjunctive *were* — which is, as Fowler decreed in The King's English, "absolutely indefensible."

Cooke reparses the whole thing for me: " 'Conduct unbecoming an officer and a gentleman' is one of those phrases that sound as [they would sound] if they came out of Kipling."

We need not become "hot and bothered," to use a phrase Rudyard Kipling coined in 1923, about failing to discern the proper antecedent or failing to use the subjunctive with the conditional, but we can coolly remain on guard. As Rudyard used to tell young Alistair and Bill: If you can keep all this in your head when all others about you are falling into error, then you're a man, my son, or a woman, my daughter, as the case may be.

New York Times Service

BOOKS

THE AX

By Donald E. Westlake. 273 pages. $23. Mysterious Press/Warner Books

Reviewed by
Christopher Lehmann-Haupt

HERE'S a chilling little fable for the end of the millennium. Burke Devore, *the 51-year-old protagonist of* Donald E. Westlake's grim new thriller, "The Ax," has been downsized by Halcyon Mills, the paper company for which he has been product manager for 16 years.

Burke knows paper, *even the kind* you eat: as he explains, "a special kind of paper-source cardboard is used in many commercial ice creams, as a binder." He could "take over almost any managerial job within the paper industry, with only minimal training in a particular specialty."

But with downsizing general all over America, there are too few of those jobs for too many people. And Burke is really not quite the most qualified of candidates, not even for the job with the mill in Arcadia, New York, that is starting up a line in which Burke specializes. Ralph Fallon already holds that position. And if anything were to happen to Ralph, there would be others who would probably be hired ahead of Burke.

So Burke — increasingly worried about the mortgage on his Connecticut home and the welfare of his wife, Marjorie, and their teenage children, Billy and Betsy — decides to take extreme measures. He writes an advertisement for a trade magazine announcing that B.D. Industrial Papers of Wildbury, Connecticut, is looking for a manufacturing line manager. As the résumés pour into the post office box Burke has given as the address of this phony company, he winnows them in search of his most qualified competition.

When he has narrowed the candidates down to six, he packs a Luger pistol he has found among his father's World War *II souvenirs and sets out in his Plymouth* Voyager to visit the home of the first one, Herbert Coleman Everly. When Everly comes out to get his mail, Burke aims the Luger at him and pulls the trigger. "The Luger jumps in the window space and the left lens of his glasses shatters and his left eye becomes a mineshaft, running deep into the center of the earth." This leaves five competitors to go. Then Burke will kill Ralph Fallon, and the Arcadia job will be his.

You find this hard to believe? So did I at first. So does Burke himself, a basically decent man whose eyes begin to sting with tears of pity when a police detective investigating the murders shows Burke photographs of two of his victims.

But as Burke proceeds with his awful plan, he keeps tightening the screws of his logic. "The equation is hard and real and ruthless. We're running out of money, Marjorie and I and the kids, and we're running out of time. I have to be employed, *that's all. I'm no self-starter*, I'm not going to invent a new widget, I'm not going to found my own paper mill on a shoestring. I need a job."

And as he turns the screws, they bite deeper and deeper into the framework of these times.

Will Burke succeed at his gruesome project, or will the bloody mayhem he's committing eventually catch up with him? To answer this question is, of course, what ultimately keeps you devouring Westlake's *taut prose. And in* the process you can't help being infected by the biting anger of a book whose deeper message really transcends its story.

As Burke muses when approaching his final crisis, "Today, our moral code is based on the idea that the end justifies the means." He continues: "The end of what I'm doing, the purpose, the goal, is good, clearly good. I want to take care of my family; I want to be a productive part of society; I want to put my skills to use; I want to work and pay my own way and not be a burden to the taxpayers. The means to that end has been difficult, but I've kept my eye on the goal, the purpose. The end justifies the means."

Christopher Lehmann-Haupt is on the staff of The New York Times.

BRIDGE

By Alan Truscott

THE European Championship ended in Montecatini, Italy, with the home country taking the Open Team title. The Italian champions were Norberto Bocchi, Giorgio Duboin, Andrea Buratti, Massimo Lanzarotti, Lorenzo Lauria and Alfredo Versace.

Winning the Women's Team title was a British team: Sandra Landy, Michele Handley, Liz McGowan, Heather Dhondy, Nicola Smith and Pat Davies.

A slight slip by a British declarer allowed a German defender to produce a brilliant defensive stroke on the diagramed deal. The North-South cards offer an excellent play for six clubs and a good play for six diamonds, but both contracts are doomed by the bad splits in the minor suits. With the actual layout, North-South were right to rest in five clubs.

That contract should have succeeded, but South, perhaps worrying about the failure to reach a slam, took his eye off the ball. After a heart lead to the ace and a spade shift, he won with the ace. He should *now have ruffed a heart,* crossed to his hand with a trump lead and ruffed another heart with the club ace. Then he could have drawn trumps.

Instead he cashed the club king at the third trick, which proved fatal. He now ruffed a heart and led the spade ten from the dummy. The East player, Andreas Holowski, could have ducked this to his partner, but he won with the king and made the devastating return of the diamond jack.

This blocked the diamond suit and there was nothing South could do: if he maneuvered another ruff in the dummy, he would have no *way to return to his hand to* draw trumps.

NORTH
♠ 10 4
♡ K
◇ A K Q 6 5 4
♣ A 8 4 2

WEST
♠ Q J 5 3
♡ Q 9 3 4
◇ ?
♣ 9 6 5 3

EAST
♠ K 9 8 6
♡ A J 10 7 6
◇ J 8 3 2
♣ —

SOUTH (D)
♠ A 7 2
♡ 5 3 2
◇ 10 9
♣ K Q J 10 7

Both sides were vulnerable. The bidding:

South	West	North	East
1 ♣	Pass	1 ♡	1 ♡
Pass	2 ♡	3 ♡	Pass
4 ♣	Pass	4 ♡	Pass
4 ♠	Pass	4 N.T.	Pass
5 ♣	Pass	Pass	Pass

West led the heart four.

Annual Reports



COGEMA 1

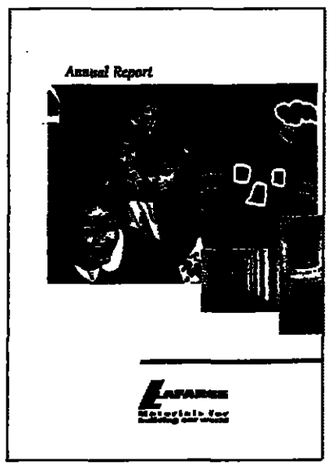
The COGEMA Group specialises in the nuclear fuel cycle; it is active throughout the world in all its aspects, from ore prospecting to spent fuel reprocessing and recycling, including all operations associated with nuclear fuel fabrication, as well as design and construction engineering for the corresponding installations. With its subsidiaries and other holdings, it has a large share of the market for products and services connected with nuclear energy and, outside the nuclear field, provides engineering and services to other industries. The consolidated sales revenue, which amounted to FRF 30.6 billion in 1995, reached FRF 34.4 billion, up 12.5 %. The net result (Group share) amounted to FRF 977 million, a stable figure comparable to the previous financial year.



DEXIA 2

Dexia, created by the merger between Crédit local de France and Crédit Communal de Belgique, is the leading European banking group specializing in the financing of public infrastructure. The group is focusing its development on the following core businesses: public infrastructure and financial services to local authorities, commercial banking and asset management. With total assets of FRF *1,100 billion* at the end of 1996, Dexia ranks among Europe's 25 leading banking institutions.

• 1996 combined net income:	FRF *3.8 billion*	Euro *0.50 billion*
• Total assets:	FRF *1,100 billion*	Euro *172.2 billion*
• Total capital base:	FRF *48.8 billion*	Euro *7.5 billion*



LAFARGE 3

Lafarge is one of the world's foremost producers of building materials. The Group holds leading positions in each of its core business areas: cement, concrete and aggregates, gypsum and specialty products.
Active in 45 countries and employing over 35,000 people generating sales of FRF 35 billion, Lafarge is committed to the development of materials and the advancement of the construction industry by bringing greater safety, comfort and aesthetic appeal to our everyday lives.

LAFARGE, MATERIALS FOR BUILDING OUR WORLD



MODO 4

MoDo's profit after net financial items for 1996 amounted to SKr 2,919 million (1995: 5,216m).
The Group's sales amounted to SKr 20,115 million (22,319m).
The Group produces and sells fine paper, newsprint and magazine paper, paperboard, sawn timber and pulp.
MoDo is one of Sweden's top ten exporters. The Group owns production facilities in Great Britain and France, as well as in Sweden. MoDo operates through its own marketing organisations in most European countries and in the USA. MoDo also markets its products via agents and distributors in many other countries.



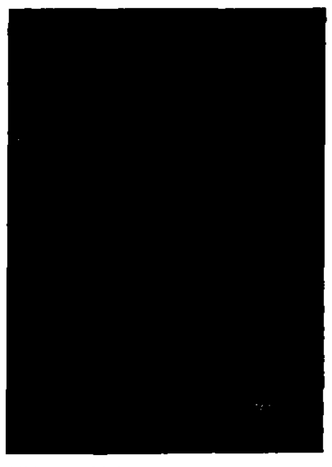
SKANSKA 5

During 1996, the Skanska Group increased the specialization, focus and strength of its three core businesses - construction, construction-related industry and real estate. The Group's international expansion continued. Operations outside Sweden rose from 43 percent to 57 percent of total order bookings, which amounted to SEK 52,500 M.
Meanwhile Skanska consolidated its role as Sweden's leading bridge and tunnel builder. It created a separate business area, BOT Projects, for the growing share of infrastructure projects with private financing.
Skanska greatly strengthened its construction-related industrial operations by acquiring Siska-Gripen, which includes such firms as Poggenpohl and Kåhrs.
At year-end 1996, the Group's total real estate holdings had a book value of SEK 21,589 M. The market value of Skanska's stock portfolio amounted to SEK 11,929 M.



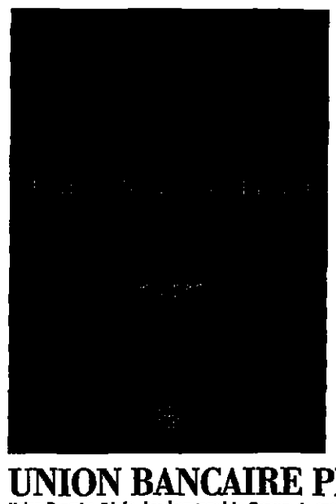
SKF 6

SKF is the world leader in rolling bearings. The sales organization covers more than 130 countries through wholly owned sales companies or via 20,000 distributors and dealers. Group sales in 1996 totalled SEK 33,600 m. The number of employees was 43,000.
The experience gained in various application fields, coupled with an annual investment of over SEK 750 m in research and development - the highest amount in the industry - give SKF the essential experience and knowledge to provide customers with high quality products and services.



STATOIL 7

Statoil is an international oil company wholly owned by the Norwegian state, with operations in 24 countries. An operating profit of NOK 18.2 billion in 1996 was the best in the group's 25-year history. In the same year, its revenues topped NOK 100 billion for the first time to reach NOK 107 billion. Statoil ranks as the largest oil producer on the Norwegian continental shelf, at 464,000 barrels per day in 1996. Daily output the year before averaged 424,000 barrels. Outside Norway, the group increased its oil and gas production from 12,000 barrels of oil equivalents in 1995 to 30,000 barrels. It currently pursues exploration and production operations in 15 countries.
Statoil had roughly 15,000 employees at the end of 1996.
Internet: http://www.statoil.com



UNION BANCAIRE PRIVEE 8

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07/07/97

Clintons in Spain On a Royal Cruise

Reuters

PALMA de MALLORCA, Spain, President Bill Clinton and his wife, Hillary, joined Spain's king and queen on Sunday on the royal yacht for an outing on clear waters of the Mediterranean.

The Clintons set out at noon with King Juan Carlos I and Queen Sofia on the sleek white yacht, Fortuna, followed by a small high speed boat containing Secret Service agents.

At one point, the royal vessel passed the USS Hue City, an Aegis-class cruiser, which had U.S. sailors lining the railing to catch of glimpse of their commander-in-chief. Mr. Clinton saluted and waved to the crew.

The president, who arrived in Majorca on Saturday, planned to remain on this resort island until Monday when he flies to Madrid for a NATO summit meeting opening the next day.

Prodi Vows to Press Clinton on Wider NATO Expansion

By Alan Friedman
International Herald Tribune

ROME — Italy will press President Bill Clinton to invite Romania and Slovenia to join NATO, even though there is virtually no chance of changing the U.S. position on the eve of the Madrid summit, Prime Minister Romano Prodi said Sunday.

"Good partners go to a meeting with an open mind, and NATO has always been an open partnership," Mr. Prodi said. "I hope Bill Clinton will have an open mind, and in fact I know he does," Mr. Prodi said in an interview.

Since the Denver economic summit last month, Mr. Clinton has repeatedly said the United States is not prepared to consider European demands for a broader expansion of the North Atlantic Treaty Organization immediately. The president, however, has indicated Washington's willingness to consider invitations for Romania and Slovenia at a later date.

The United States has announced it wants NATO membership extended at this time only to Poland, the Czech Republic and Hungary.

In urging Mr. Clinton to reconsider, the Italian prime minister appeared to be trying to enlarge Rome's role in NATO affairs, especially when in matters relating to the alliance's southern and southeastern flanks.

"We will repeat our view," Mr. Prodi said. "We go to Madrid for discussions and not for a quarrel, but since we have meditated briefly on our proposal, we will stick to it."

Mr. Prodi said he would remind Mr. Clinton at Madrid "that we should not forget that ethnic rivalry inside Romania was one of our nightmares regarding the future of Eastern Europe, and they have resolved the issue."

He said that in arguing for Romania's admission to NATO now, he would urge Mr. Clinton "not to forget the example of ethnic rivalries in the former Yugoslavia."

Taking an unusually activist stance, Mr. Prodi said Mr. Clinton should trust Europe's judgment.

"I think he can trust Europe," he said. "The enlargement of NATO regards Europe essentially. For this reason we favor a balanced enlargement of NATO in the both the north and south of Europe. What is happening in Bosnia and Albania in terms of peacekeeping is proof of the responsibility of the Europeans in this region."

Asked to comment on recent criticism by Prime Minister Lionel Jospin of France of "American hegemony," Mr. Prodi replied: "Americans spend more on NATO than all the European allies put together. Without America, NATO does not exist." But he stressed that "Europe cannot be denied its views on problems in its own region."

In the wide-ranging interview, Mr. Prodi also made these other points:

- The final decision by European Union leaders next year on which nations will launch the euro, the EU's proposed common currency, will be "an overall political decision rather than one linked strictly to decimal points."
- Data for the first six months of 1997 show that Italy is on track to achieve the single-currency condition of a budget deficit equal to 3 percent of its gross domestic product.
- He does not agree with European opposition to Boeing Co.'s plans to buy McDonnell Douglas Corp.

Asked to comment on the difficulties faced by France and Germany in meeting the Maastricht Treaty's deficit target of 3 percent, Mr. Prodi said he would not offer advice to his partners. But he added, "There is a climate of nervousness throughout Europe that stems from the confusion between domestic politics in some countries and the need for a coordinated Europewide policy."

When the decision is made on who will join the launch of the euro, he said, "We should have a strategy not dominated by mathematical rules and domestic politics but by medium- and long-term conversions. We should take an overall political decision rather than one linked strictly to decimal points."

Mr. Prodi said he had "no news" about a rumored agreement between Bonn and Paris to go ahead with the single currency even if both countries ended 1997 with deficits as high as 3.4 percent of GDP.

Mr. Prodi forecast that European Union finance ministers meeting in Brussels on Monday would endorse Rome's deficit-cutting efforts. He acknowledged that for Italy to sustain its rigor in 1998, it would be essential to agree with trade unions and industry on reforming welfare-state spending.

He added that Italians were more in favor of the single currency than most other Europeans. "My situation is different than those of other governments in Europe, since I am backed by 60 percent of the Italians," he said.

Asked to comment on the European Commission's opposition to the Boeing-McDonnell Douglas deal, Mr. Prodi said he was in favor of the merger.

"It will be very difficult to stop it," he said, "and I like to be very prudent about using European antitrust rules on foreign companies."



Luisa Ferreira/The Associated Press

BULL RUN — Cowboys climbing a lamppost to escape an angry bull during the annual Red Jacket bullfighting contest in Vila Franca de Xira, Portugal.

BRIEFLY

Iran Linked to Pan-Am Attack

HAMBURG — German officials are investigating information from a former top Iranian spy that Ayatollah Ruhollah Khomeini ordered the 1988 bombing of a Pan Am jet, a newsmagazine reported.

Der Spiegel said the former spy, Abolghassem Mesbahi, had told investigators that the attack was carried out in retaliation for the U.S. downing of a Iranian passenger jet. Tehran denied the report. *(AP)*

More Shellfire in Brazzaville

BRAZZAVILLE, Congo Republic — Sporadic shellfire rumbled in the Congo Republic capital Sunday ahead of an expected announcement of progress in mediation to end the conflict. The focus of the shelling was [illegible] *(Reuters)*

Che Guevara's Body in Bolivia?

VALLEGRANDE, Bolivia — A Cuban doctor said that a set of human bones that have been exhumed from a communal grave here belong to the Argentine revolutionary Ernesto (Che) Guevara, whose burial place had been a 30-year-old mystery. *(AFP, Reuters)*

For the Record

A former top member of Argentina's military junta has threatened to sue the government unless it lets him see files on his alleged human rights abuses, a newspaper reported Sunday. *(Reuters)*

How a Sketch Sparked Arab Rage

By Barton Gellman
Washington Post Service

HEBRON, West Bank — A week ago, a Jewish art school dropout with extremist political views made a line drawing of a corpulent pig standing, pen in hoof, upon an open book.

Tracing letters from an Arabic dictionary, she labeled the pig "Mohammed" and the book "Koran" and pasted 30 copies outside Muslim shops here.

Since then, this seething city, the last in the West Bank still under partial Israeli military rule, has demonstrated once again how seldom it fails to respond to provocation.

Daily violence between Palestinian youths and Israeli troops, already chronic since March, took several significant turns for the worse.

The escalating conflict is only partly attributable to the handiwork of the artist, Tatiana Susskind, who appears to have been acting alone and who now faces criminal charges.

President Ezer Weizman, Prime Minister Benjamin Netanyahu and Chief Rabbi Eliahu Bakshi-Doron, among others, have condemned the woman's actions and apologized for her affront to the Prophet of Islam — a show of contrition, Israelis grumble, that is without parallel among Arab leaders when their newspapers publish crudely anti-Jewish cartoons.

But of greater importance, Carmi Gillon, a former chief of the Shin Bet security service, wrote in Yedioth Ahronoth, is the complete breakdown of political talks between Israelis and Palestinians, which places undue power over events in such "reckless hands."

The present Shin Bet chief and Israeli Army commanders are leaking word that they are very worried about the likelihood of a broad eruption of serious violence in the West Bank and Gaza Strip.

It is not unusual for die-hard foes of peace to seize on a provocation such as the pig poster, as Ayatollah Mohammed Yazdi did in Tehran on Sunday when he said that, because of it, "Israel should be razed."

What is news is that Palestinians appear unwilling to forgive the insult and are using it to fuel rage against Israel.

On Tuesday, for the first time in a very long while, someone in a Palestinian crowd here threw a homemade pipe bomb at a knot of Israeli soldiers. In an anguished scene caught on videotape, two Israeli soldiers fell screaming to the ground and left a thick trail of blood as medics carried them away. One of them, Lior Cohen, is in danger of losing a leg.

By the next day, Major General Gabi Ofir, the Israeli commander in the West Bank, had placed snipers on Hebron rooftops and ordered them to shoot to kill if they spotted bomb-throwers.

And on Thursday, resuming a tactic little used in recent years, disguised members of Israeli special forces units infiltrated a group of stone-throwing Arab youths — on the Palestinian-run side of Hebron — then drew weapons to make a series of violent arrests.

One Palestinian youth, beaten unconscious, was dragged over asphalt dotted with broken glass, in plain view of reporters.

A sense of confrontation continued to build. The Israel Army sealed off Hebron, forbidding those outside the city to enter and youthful Palestinian residents went looking for fights armed with bottles, bricks and stones. Israeli troops responded with metal-cored rubber bullets, which are designed to stun but can kill at close range.

At a makeshift hospital at a gas station here, a stream of wounded Palestinians began arriving just after noon.

One young man, carried by his arms and legs, gushed blood from a forehead wound, his eyes closed to slits.

"The Palestinian Authority is betting it can control the street," said a Palestinian policeman, Eyad Hdeib.

"Netanyahu is betting on the iron fist. We are like chess pieces."

In Nablus, in the northern West Bank, the radical Islamic Resistance Movement, or Hamas, drew thousands of demonstrators to a rally — ostensibly objecting to the pig poster.

The crowd called for new suicide bomb attacks on Israel and a banner at the demonstration declared: "We knock on heaven's door with the skulls of Jews."

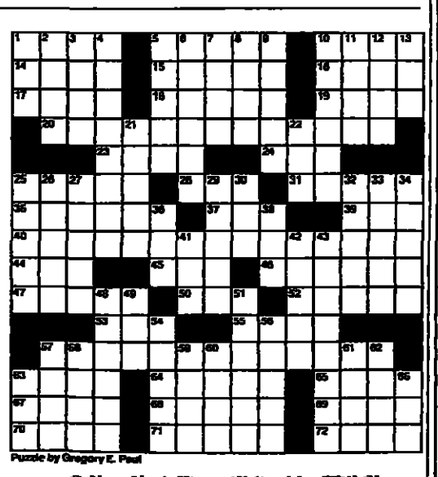
Sheikh Jamal Mansour, a senior Hamas leader in Nablus, said Sunday that his group's "military" response to the poster would be harsher than the series of suicide bombs in Israel last February and March that killed 63 people, including the four Arab bombers.

Those attacks, three by Hamas and one by the equally militant Islamic Jihad, were declared to be revenge for Israel's assassination of the Hamas leader, Yehiya Ayyash.

CROSSWORD

ACROSS
1 "Othello" villain
5 Flat-topped hills
10 Colonel Mustard's game
14 Eschew
15 Some of the Pennsylvania Dutch
16 Feed bag contents
17 Filly's mother
18 "Truly!"
19 Takes advantage of
20 Jalopy
23 Poker starter
24 "Roses —— red . . ."
25 Like a lot
28 Fawn's mother
31 Necklace units
35 Come about
37 Department of Justice div.
39 Tiny
40 Autumn 1940 aerial war
44 Prior to, poetically
45 Mao ——tung
46 Tenor Caruso
47 Council of Trent, e.g.
50 Flower holder
52 Spud
53 Lawyer's thing
56 Texas Western, today: Abbr.
57 Mule, e.g.
63 Kind of purse
64 Sidestep
65 Norse Zeus
67 Five-time Wimbledon champ, 1976-80
68 Vintner Ernest or Julio
69 Girl-watch or boy-watch
70 ——Ball (arcade game)
71 Church officer
72 Marsh plant

DOWN
1 Doctrine: Suffix
2 Captain obsessed
3 Maven
4 Like some diamonds, sizewise
5 "Luncheon on the Grass" painter Édouard
6 Chewed the scenery
7 Fodder storage site
8 "—— I cared!"
9 Yemen, once
10 *Grand* -- — Dam
11 Word before laugh or straw
12 Salt Lake City students
13 Feminine suffix
21 Toll
22 Regalia item
25 French clerics
26 Hon
27 Time after time
29 Bid
30 Retrocede
32 Lie in store for
33 Winter windshield setting
34 Sir, in Seville
36 What may be followed by improved service?
38 Dander
41 Buckeyes' sch.
42 The "I" in ICBM
43 Cause of an unexpected fall
48 Jellybean flavor
49 — Plaines, Ill.
51 Marriageable
54 Old Wells Fargo transport
56 Elizabeth I was the last one
57 Library unit
58 Dublin's land
59 Elliptical
60 Quit, in poker
61 Winning margin
62 Longest river in the world
63 "60 Minutes" network
66 TV's "—— and Stacey"



Puzzle by Gregory E. Paul

© New York Times/Edited by Will Shortz

Solution to Puzzle of July 4

A	L	A	S		C	A	B	I	N	F	E	V	E	R
R	E	N	T		E	V	A	N	G	E	L	I	N	E
C	A	N	A		B	A	R	B	A	R	O	S	S	A
A	P	E	R	C	U		B	A	I	N		T	U	G
D	I	T	C	H		D	E	C	O		C	U	R	E
I	N	T	H	E	D	A	R	K		G	A	L	E	N
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I	C	C		R	E	N	I		P	L	I	E	R	S
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صكذا من الاصل

INTERNATIONAL

Mexican Drug King Reported Dead

By Molly Moore
and John Ward Anderson
Washington Post Service

MEXICO CITY — The leader of Mexico's most powerful drug cartel, whose vast criminal empire spans most of the U.S.-Mexican border and has extended to the highest levels of the Mexican government, has died of a heart attack, his family said over the weekend, but the authorities remained leery of the claim.

Amado Carrillo Fuentes, who cemented the links between Colombian and Mexican drug cartels that allowed Mexican organizations to become the premier narcotics traffickers in the hemisphere, died Friday of a heart attack during surgery in Mexico City, his family was quoted as saying over the weekend in his home state, Sinaloa.

The family announced the death as flower arrangements and luxury automobiles arrived at the family compound in the village of Guamuchilito. The Mexican attorney general's office said it had begun hearing unconfirmed reports of the death Friday night, but added, "This confirmation must wait until we have had access to the corpse and there has been a medical examination."

[Mexican officials said Sunday that they suspected the corpse to be that of Mr. Carrillo but needed to make further tests on the body to be certain, Reuters reported.

[The attorney general's office said that because of extensive plastic surgery, investigators were not sure the body belonged to Mr. Carrillo.

[The body was flown Saturday on a commercial airline to Sinaloa, the officials said, and taken to a local funeral parlor, where it lay untouched until the police arrived to investigate.]

Law enforcement officials in Mexico and the United States expressed concern that the report of Mr. Carrillo's death could be a ploy to deflect mounting international pressure for his arrest.

"There have been other cases where drug dealers have faked their deaths, so with all due respect to his mother and the family, we need some proof," said Eduardo Valle, a former drug investigator for the Mexican attorney general's office who now resides in the United States.

"Unless the body is viewed by someone outside of the family and outside of Mexico, you can't take this to the bank," said Phil Jordan, the former chief of the El Paso Intelligence Center, a multiagency U.S. drug unit.

"You have to understand that Amado Carrillo Fuentes was the king of narcopolitics in Mexico," he added. "With his vast power, he can do anything he wants."

Earlier this year, Mexican authorities jailed the top anti-drug chief in the country, alleging that he was on Mr. Carrillo's payroll and had allowed the Juarez cartel chief to slip repeatedly through the Mexican law enforcement net that was supposed to be trying to arrest him. Despite dozens of highly publicized raids, Mr. Carrillo had always managed to disappear before the police arrived.

For Couture, Big Is Beautiful

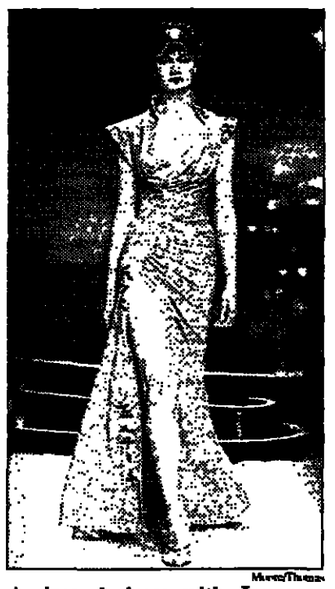
Versace's Wink at the '80s Reflects a Corporate Takeover Mood

By Suzy Menkes
International Herald Tribune

PARIS — With a single shoulder pad sculpted above the bare arms of a draped dress, Gianni Versace gave a witty fashion wink to the 1980s.

The Italian designer's hard-edged bravura show, which kick-started the fall couture season, was filled with images of Wall Street's golden years: a padded leather suspender coiling like a cobra around one shoulder, sculpted pin-stripe tailoring, and dazzling gilded mesh minidresses covered with Byzantine crosses.

Versace's flash-and-dash show, with its mixes of leather and drapery and touches of *japonisme*, proved him



Mario/Thomas

A draped dress with Japanese warrior shoulders by Versace at the Paris couture shows Sunday.

PARIS FASHION

the modern master of the Hollywood moment. (Demi Moore's children, sitting in the front row, stole the first show — and the star herself, in a brief pink Versace dress, led the celebrity lineup at the second.)

Versace's take on the '80s with a '90s spin reflects what is going on in the luxury world, where corporate raids, mergers, takeovers and asset stripping are back in fashion.

The couture shows have opened against a backdrop of dramatic changes in the high fashion world, which is still reeling at last month's news that even the mighty Karl Lagerfeld could not build his label into a successful business.

Lagerfeld said Saturday that he felt "liberated" after buying back his name (supposedly for next to nothing) from the Vendome luxury group.

The designer, who shows Chanel couture Thursday, said that he had felt in his own house "like a mistress who was not desired" and that the group had failed to capitalize on him as a "fashion mercenary." But whatever the reason for its flop, the Lagerfeld empire is over — apart from the art-and-artifacts store that he might open privately in Paris.

As the century-old craft of couture faces the new millennium, the message is that — forgetting the stick-thin supermodels — big is beautiful.

Since Christian Lacroix was founded in 1987 (the house celebrates its 10th birthday Thursday), couture has changed from a family to a corporate business.

Significantly, too, Bernard Arnault, president of LVMH (Moet Hennessy-Louis Vuitton), the man who backed Lacroix and is the driving force behind French luxury labels, has revived his 1980s role as a corporate raider.

While French gardeners are planting fantasy flower beds in the Bagatelle gardens for John Galliano's Dior show Tuesday, and while the Avenue Montaigne couture house is undergoing deep surgery by the American architect Peter Marino, Arnault is hoping to create the world's largest wine and spirits group by blocking the $20 billion merger of the British Grand Metropolitan and Guinness groups and uniting their liquor brands with his own.

Other straws in the wind for couture are that the beauty giant Clarins has taken a controlling interest in Thierry Mugler (just as the Italian house of Ferragamo did last year with Ungaro); that Jean-Louis Scherrer has changed hands; and that Nina Ricci is laying off half its couture workers, who demonstrated outside Sunday's show.

Of the internationally known Paris-based names on the couture calendar, only Chanel is still under private ownership. And the Italian high-fashion scenario is similar. Giancarlo Giammetti, Valentino's business partner, said Sunday that the house was open to possible investment.

"I don't deny that I am having discussions," he said. "All privately owned houses have to look for possible partnerships. For 25 years we were competing with other designers, but now it is with huge financial groups."

Gianfranco Ferre, Dior's former designer, also said last week in Milan that he was talking about a partnership, or at least close cooperation, with his manufacturer, the textile giant Marzotto.

Even Versace is rethinking his big-spending strategy. In news that will send shivers down the spines of magazine publishers, Santo Versace, the designer's business manager, said that the company was cutting back its $50 million annual advertising budget and would focus rather on retail investment, especially for the company's cash cow, the $200 million jeans line.

This is in order to put the marbled and frescoed fashion house in order before a global stock offering in Italy, the United States and the Far East.

"It is difficult at this moment to invest more," Gianni Versace says. "If we want to stay as we are we are healthy, but if we want to do other things, we have to be careful."

If Versace is cutting back, it was clearly not in the Atelier collection, where peach blossom embroidery and Asian calligraphy were embroidered on slinky orientalist satin gowns and skinny black leather dresses.

The East-meets-West Japanese theme presented a problem, because John Galliano used the romance of the Far East last season for his debut collection at Dior. But Versace made the theme his own by fusing it with his own tough glamour, just as he mixed leather bras with classical drapes and had the Japanese warrior shoulder pads on show under soft dresses.

As always with Versace, some of the clothes were over the top and a few were noble failures, but his strength is that the designer continues to experiment and push himself in new directions while sticking to his signature style based on the body beautiful.

Nina Ricci's collection is at the opposite end of the couture scale: perfectly executed in luxurious fabrics, but apparently frozen in an ideal of elegance that relates to the glory days of haute couture.

Gerard Pipart showed only evening clothes. But they were grand gestures: coats trimmed with feathers, lined with panther or swishing with bows.



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U.S. Immigrant Law Makes Income a Key To Uniting Families

By Pamela Constable
Washington Post Service

WASHINGTON — Cirilo Zavala, a 64-year-old immigrant from El Salvador, hasn't seen his wife, Angela, since he left their village in 1989. Now a legal resident who cleans office buildings at night, he can under law bring his wife here to live through the sponsorship of his daughter, a housekeeper who recently became a U.S. citizen.

But chances are, it will never happen.

Under a provision of the new immigration law due to take effect next month, all U.S. residents and citizens will be barred from sponsoring relatives to immigrate to the United States unless the sponsors can prove their income is at least 25 percent higher than the federal poverty level — about $19,500 for a family of four.

The law also requires that sponsors make a legally binding commitment to support anyone they bring in until the immigrants have worked 10 years or become citizens.

If an immigrant is discovered using public benefits to which he is not entitled, the sponsor can be fined and prosecuted for repayment.

The enforcement procedures result from revisions to welfare and immigration laws approved by Congress last year. They aim to reduce the number of immigrants who enter the country legally but without money or skills, and who are thus more likely to apply for public aide.

According to the Federation for American Immigration Reform, a group that advocates stricter controls on immigration, nearly 21 percent of all immigrants use some form of government aid, compared with 14 percent of American-born residents.

"The purpose of these provisions is to protect the American taxpayer from freeloading relatives of immigrants," said Dan Stein, the group's executive director.

But some immigrant advocate groups said the use of welfare by newcomers is much lower that 20 percent, and that the new law discriminates against low-income families who seek to be reunited.

"We believe this income requirement amounts to a backdoor way to limit all immigration," said Jeanne Butterfield, an official of the American Immigration Lawyers Association.

She and others are pushing for more flexibility, including a provision that would allow total household income, not just that of a single sponsor, to be considered in the calculations.

Jeffrey Passel, a demographer with the Urban Institute, said his group calculates that about 40 percent of immigrant families earn too little to meet the new requirements.

Federal immigration officials said he new regulations to carry out the law would be made public within three weeks and that groups on both sides of the debate would have one month to comment before they take effect.

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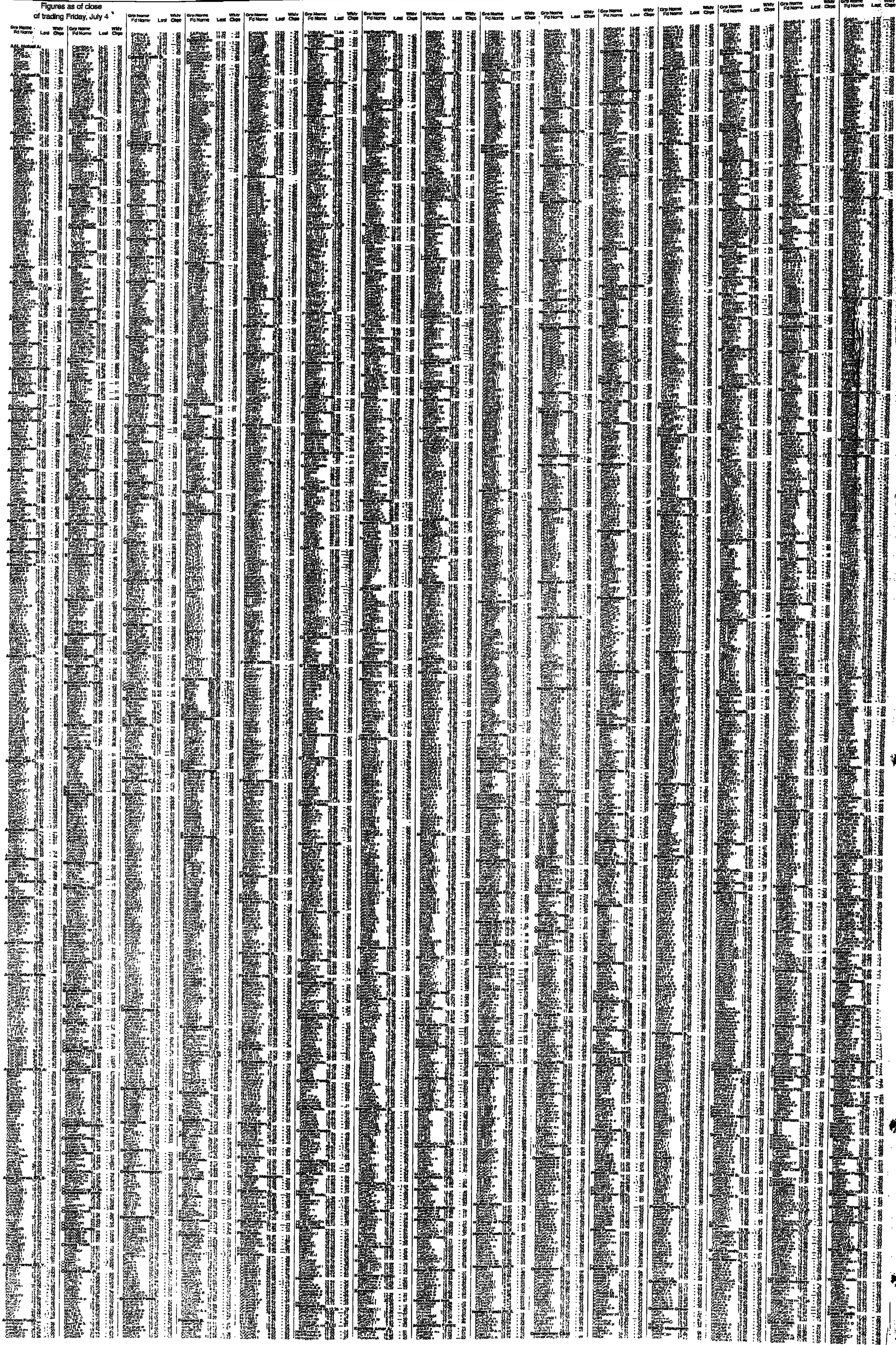
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Figures as of close of trading Friday, July 4



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Herald Tribune INTERNATIONAL

BUSINESS/FINANCE

MONDAY, JULY 7, 1997

Pro Sieben Going Public At Top Price

Broadcaster Will Be First on German Bourse

Reuters

MUNICH — Pro Sieben AG, whose public offering was 50 times oversubscribed, is set Monday to become the first German television broadcaster to list its shares on the stock market.

The price for the new preference shares was set Saturday at 72 Deutsche marks ($41.14), but the shares have already been trading in the so-called gray market at nearly 120 DM, and Pro Sieben said only one in 10 bidders would receive any shares at all.

The issue price was at the top of the range announced last week at the end of a 10-day book-building period.

The issue will raise 1.26 billion DM for the company and increase its capital by 360 million DM, to more than 700 million DM.

The company will announce further details of the issue Monday.

The issue is being managed by a banking consortium led by BHF-Bank AG, Bayerische Hypotheken- & Wechsel-Bank AG and Salomon Brothers.

A total of 850 million shares were ordered, though only 17.5 million will be sold on the market; 52.5 percent of the issue will be placed with German individual investors. Thirty-three percent of the orders came from outside Germany.

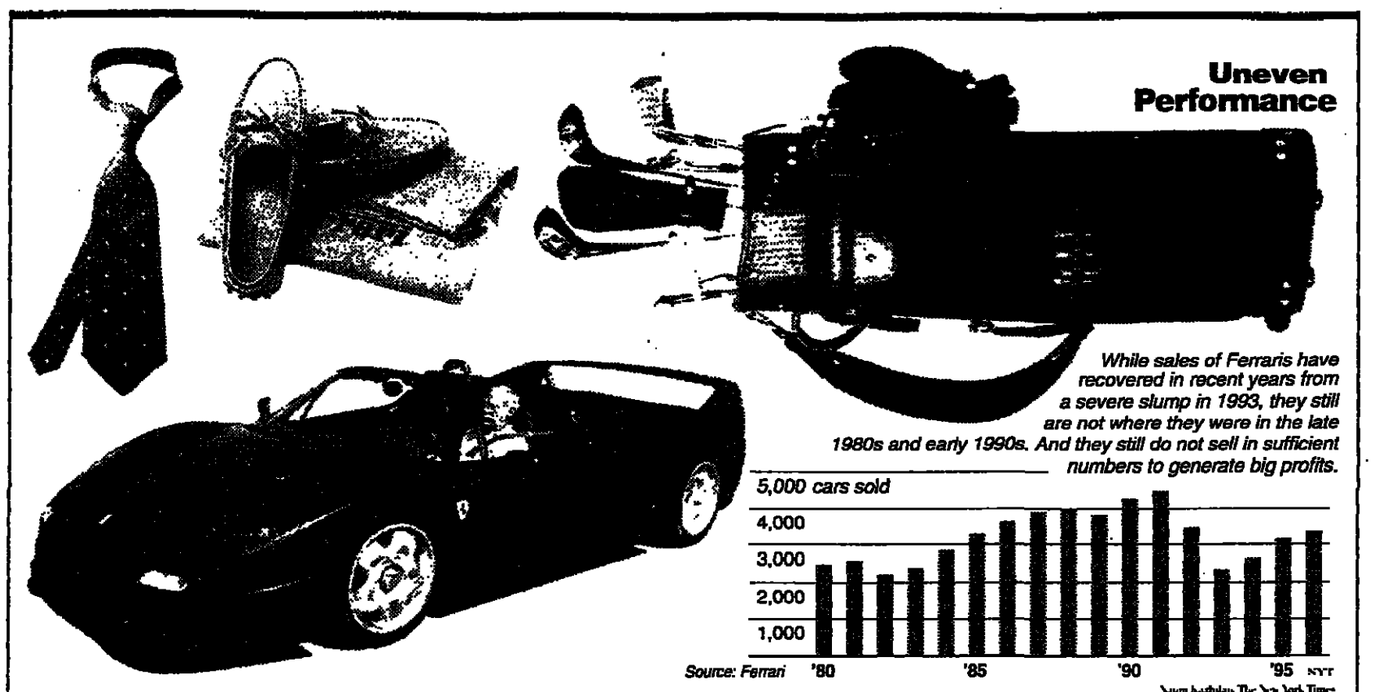
Pro Sieben network's market share in June rose to 9.6 percent, up about half a point, while its Kabel 1 network's market share was steady at 4 percent.

Because of the high degree of oversubscription, the company said a complex lottery would be used to fill the orders. Only one subscriber in 10 will receive any shares at all, it said, and even winners will get only a portion of the shares they ordered.

The company is also restructuring its shareholder structure to make Thomas Kirch, son of the Bavarian media mogul Leo Kirch, its majority shareholder, with 60 percent of the ordinary voting shares.

The retail concern Rewe AG holds the remaining 40 percent.

Pro Sieben's chief executive, Georg Kofler, has said the company plans to issue ordinary shares on the market before 2000.



Ferrari expects to earn $10 million in 1997 from licensing such products as golf clubs and accessories, five times what it made from cars in 1996.

At Ferrari, Accessories Are the Moneymakers

By Peter Passell
New York Times Service

MARANELLO, Italy — For dreamers the world over, Ferrari is a symbol of speed and guilt-free excess. For Luca di Montezemolo, chief executive of the exclusive auto maker here in the northern Italian industrial heartland, it is a business whose past glory does not guarantee survival.

Plunging sales in the early 1990s proved that Ferrari could no longer rely on its image to persuade enough status seekers to part with $130,000 and up — way up — for hard-to-handle sports cars in exotic red wrappers. Yet if any design or marketing changes undermined the mystique, it could drive customers into the hands of BMW, Jaguar or Mercedes-Benz.

"We have to give people something unique," explained Mr. di Montezemolo, a former World Cup soccer team manager and public relations executive hired in 1993 by Fiat Auto SpA, Ferrari's corporate parent, to stabilize the fortunes of its upscale subsidiary.

Top priority was better cars. Next was expansion in Asia to offset wealthy Europeans' declining taste for conspicuous consumption.

But Mr. di Montezemolo realized that Ferrari is as much style as substance, as much a legend as it is a car company.

To turn that insight into cash meant reconceiving Ferrari as a brand to be extended and exploited. Mr. di Montezemolo is doing so with a vengeance, licensing luxury goods, sportswear, even toys with the familiar logo of a stallion unreined. And the strategy is working: The company, which was in the red from 1992 through 1994 and earned just $2 million last year on sales of $500 million, expects to net $10 million in 1997 on licensing alone.

Ferrari earned its reputation in motor cars, "there was no black magic" to its success, explained David Davis, publisher of Automobile Magazine. "Ferraris were always robust cars," he said, that could be relied on to stay the course and that were piloted by the best drivers of the era.

While the Ferrari sports cars of the 1970s and 1980s won only mixed reviews from the critics, the company enjoyed a windfall from the new frenzy for exotic cars as collectibles. Ferrari increased output from 2,366 cars in 1983 to a peak of 4,487 in 1991.

In 1990 a vintage Ferrari 250 GTO (one of 39 made from 1962 to 1964) sold at a Sotheby's auction for $10 million — the highest sum ever paid for a used car.

But the company's prosperity during what Michele Scannavini, manager of sales and marketing, calls "the crazy years," evaporated with the collapse of the collectibles bubble and the recession.

If Ferraris were no longer to be squirreled away in climate-controlled garages, Mr. di Montezemolo reasoned, perhaps they could be sold to be driven. In 1993 the company created the Ferrari Challenge, a series of amateur races for Ferrari owners. And in 1994 the eight-cylinder F355 (selling for a relatively moderate price of $127,000), the user-friendly model that now constitutes 70 percent of Ferrari sales, made its debut.

Other designs developed during Mr. di Montezemolo's tenure reinforced the marketing realignment.

Ferrari's marketing gurus are even working on a way to eke advantage from the company's greatest liability — its dependence on high-cost hand assembly. Clients will soon be able to factory-customize the interiors of the cars they order, much the way they choose wallpaper for their powder rooms.

Add to this brew a new thrust in emerging markets where, Mr. Scannavini said, "showing off your wealth is still acceptable." In 1993 Ferrari sold just 8 percent of its output in Asia. Last year one out of five cars from its 3,363 production run went to Taiwan, Malaysia, Japan, Singapore and China, more than making up for tepid sales in Europe.

The startling change in marketing, though, is the foray into licensing. Authorizing Girard-Perregaux to sell Ferrari watches or Asprey of Bond Street to offer Ferrari baubles at $5,000 a pop seems a natural. But the company is also licensing Ferrari shirts, caps and jackets sold through mass retailers.

Last, Shell gasoline stations will soon be selling models of Ferrari Formula One cars.

Germany Will Fund Eurofighter

Waigel Asserts Budget Will Include Project

Bloomberg News

AUGSBURG, Germany — Finance Minister Theo Waigel of Germany says that the 1998 budget will include funding for the Eurofighter jet, the strongest assurance yet that the four-nation project will finally get off the ground.

"The Eurofighter is in the 1998 budget," as well as in provisional financial plans for the next several years, he said Saturday at a meeting of his Christian Social Union party. "I am sure that it will be built."

Germany has been struggling to find ways to finance the $60 billion project before the legislature's summer recess, amid threats from Daimler-Benz Aerospace AG and its subcontractors to quit the project because they can no longer afford the pre-production costs.

The cabinet will debate the budget next Friday. Production of the Eurofighter has been delayed by Germany's financial problems, brought on by efforts to cut spending to qualify for Europe's single currency.

Mr. Waigel also reiterated that Germany would meet the 3 percent budget deficit target to qualify for European economic and monetary union even though government borrowing in 1997 will exceed previous forecasts.

Mr. Waigel said Friday that German government borrowing would be "about" 70 billion Deutsche marks ($40 billion) in 1997 instead of the 53.3 billion DM previously budgeted.

He did not say how the government would succeed in financing the Eurofighter project. The government has been in negotiations with Deutsche Aerospace about using up to 1 billion DM in credits from Europe's Airbus Industrie to help pay for the 180 Eurofighter jets, which will replace the country's aging Phantom aircraft.

He said the project, which is being developed by Daimler-Benz Aerospace, British Aerospace PLC, Alenia of Italy and Casa of Spain is "urgently needed" for Germany's defense.

The three other nations in the project, meantime, have been eager to get the program under way. The project is also expected to help secure some 18,000 German jobs directly and indirectly.

In Tbilisi, It's Betsy's Place: An Isle of Elegance Amid Byzantine Chaos

By Alessandra Stanley
New York Times Service

SMALL BUSINESS

TBILISI, Georgia — In Casablanca, everybody went to Rick's. In Tbilisi, they go to Betsy's Place.

On a narrow, steep and crumbling side street of the once raffish and now mostly ravaged capital of Georgia, there is a small hotel. Diplomats, World Bank analysts and consultants stay there. Prominent locals and visiting jet-setters drop in for dinner. In June, Shahpari Khashoggi, the wife of Adnan Khashoggi, the Saudi financier and former arms trader, had dinner there with the owner, daintily sampling lobio and satsivi by candlelight on the rooftop terrace.

The proprietor of the elegant Betsy's Place is in her own way as improbable an expatriate as the one played by Humphrey Bogart. Betsy is actually Elizabeth Haskell, an exquisitely dressed, impeccably coiffed former Baltimore debutante in her late 50s who on most days looks as if she had just stepped out of a garden-club meeting in the Georgetown district of Washington.

"I wanted to call the hotel '21,' as in its address, 21 Gogibashvili, you know, like '21' in New York," she said in brisk, upper-class tones. "But people kept calling it 'Betsy's Place,' and I figured I had better register before somebody stole the name."

The story behind Betsy's Place could not be more different from the founding of "21" in New York. In 1994, Tbilisi, not yet recovered from civil war with neighboring Abkhazia, was in the throes of a violent power struggle between rival private armies. It was under curfew, with no heat, running water or electricity and with gunfire echoing through the night.

That summer, Kalashnikov-toting paramilitary men loyal to Jaba Ioseliani, a charismatic bandit-rebel who is now in jail, took over the lobby of the Metechi Palace, a huge luxury hotel built by an Austrian chain in 1989. Combatants had a habit of spraying the lobby with bullets, leading the U.S. Embassy to decide it would be imprudent to continue putting up its visiting officials and humanitarian aid workers there.



James Hill/The New York Times

Elizabeth Haskell in her elegant, small hotel in Tbilisi.

"The embassy asked me if I could find someplace else," Ms. Haskell, who was then running her own real-estate company here, recalled. "I had this wonderful house for rent, with bathrooms on every floor, so I said yes." Three weeks later, she opened for business.

Peace has been restored under President Eduard Shevardnadze. Prosperity, however, remains elusive. Foreign investors are not yet flocking in droves, and the occupancy rate of the $300-a-night Metechi Palace hovers at 20 percent.

The 13 rooms and two suites that make up Betsy's Place are booked months in advance and cost $100 to $130 a night. Guests are greeted by cool stone and gleaming hardwood floors, plush Oriental carpets, antique furniture and fresh flowers.

Ms. Haskell installed a diesel-fueled furnace to provide heat and hot water for showers — one of the few houses in Tbilisi with such a luxury. She has a generator — and candles — to deal with the frequent power failures. Telephone service in Tbilisi remains erratic, and guests cannot make trans-Atlantic calls from their rooms. Ms. Haskell is arranging to provide all guests with rented cellular phones.

She said she still had to ship in most supplies from Turkey, even cleaning products, sheets, towels and glassware. "The cost of business is high because everything is imported," she said. "It's like living on Nantucket."

With Georgian and foreign backers, she has also opened a swanky private business club, the Transcaucasian, in a stately mansion belonging to the composers' union. Worried that hotel guests will weary of the local fare of eggplant, tomatoes and cucumber, she is also starting her own farm to grow peas and asparagus for her restaurant. "You can get bored with the food," she said with a small sigh. "There isn't much variety." Ms. Haskell, a former labor organizer who is divorced and was widowed twice, has led a varied life, but she had never run her own

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Bravo Martina!



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CURRENCY RATES

July 4

Cross Rates

	$	£	DM	FF	Lire	BFr	SFr	£Fr	Yen	C$	Pesetas
Amsterdam	1.9755	2.3379	1.7257	0.3341	0.1156	—	5.454	1.3451	1.7371	1.4325	1.333
Brussels	36.12	65.925	31.635	6.1245	2.1186	18.2815	—	24.635	0.3181	26.20	24.505
Frankfurt	1.4521	2.9532	—	0.2968	0.1027	0.8885	4.8465	1.1943	1.5435	1.2755	1.1849
London (a)	1.4877	—	2.96	9.9815	2.8883	2.2514	61.0779	2.405	191.7903	2.119	258.7763
Madrid	140.927	340.257	84.433	25.854	8.666	75.81	4.892	168.891	139.39	167.438	—
Milan	1,704.95	2,076.21	974.29	289.38	—	865.55	47.219	1,164.29	15.846	1,542.05	11.544
New York (b)	—	—	—	—	Closed	—	—	—	—	—	—
Paris	5.9044	9.949	3.3011	—	0.3459	2.994	0.1833	4.027	5.2944	4.2883	3.995
Tokyo	113.25	191.98	44.97	19.29	6.668	57.71	3.1492	77.67	—	85.72	0.7686
Toronto	1.3246	2.2354	0.7839	0.2356	0.0805	0.6964	0.3798	0.9351	1.2028	—	0.917
Zurich	1.4473	2.426	0.8286	0.2482	0.0859	0.743	0.8544	—	1.291	1.0681	0.991
1 ECU	1.1774	0.6871	1.9753	6.6549	1.934.49	2.2724	40.2571	1.4531	127.908	1.5494	166.704
1 SDR	1.3677	0.8261	2.4238	0.1834	2.344.76	2.2388	49.9693	2.0379	158.405	1.9254	204.591

Closings in Amsterdam, London, Milan, Paris and Zurich; fixings in other centers; New York and Toronto rates at 3 P.M.
a: To buy one pound; b: To buy one dollar; "Units of 100; N.Q.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drach.	276.30	Mex. peso	7.955	S. Afr. rand	4.5256
Australian $	1.3289	Hong Kong $	7.743	N. Zealand $	1.4808	S. Kor. won	887.10
Austrian sch.	12.34	Hung. forint	187.52	Norw. krone	7.3167	Sved. krona	7.7781
Brazil real	1.0766	Indian rupee	35.765	Phil. peso	26.29	Taiwan $	27.86
Chinese yuan	8.321	Indo. rupiah	2434.50	Polish zloty	3.29	Thai baht	29.00
Czech koruna	32.37	Irish £	0.6567	Port. escudo	176.70	Turkish lira	148660.
Danish krone	6.6775	Israeli shek.	3.5179	Russ ruble	5782.00	UAE dirham	3.671
Egypt. pound	3.3952	Kuw dinar	0.2029	Saudi riyal	3.75	Venez. bolfr.	487.00
Fin. markka	5.2246	Malay. ring.	2.5152	Sing. $	1.434		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6740	1.6721	1.6705	Japanese yen	113.75	113.23	112.76
Canadian dollar	1.3744	1.3716	1.3692	Swiss franc	1.4648	1.4599	1.4555
Deutsche mark	1.7502	1.7461	1.7424				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

CYBERSCAPE

Net Addresses: A Monopoly?

By Rajiv Chandrasekaran
Washington Post Service

WASHINGTON — The U.S. Justice Department has begun investigating whether the process of assigning Internet addresses in the United States, a process almost entirely controlled by Network Solutions Inc., violates antitrust laws.

Network Solutions received a request June 27 for documents and information relating to its Internet address registration business from the Justice Department's antitrust division, according to a document the company filed last week with the Securities and Exchange Commission.

The Justice Department also is seeking information from Science Applications International Corp., Network Solutions' parent company, the document said.

The request is a standard preliminary step in antitrust investigations. But the government has rarely looked into the governing processes of the Internet, the global computer network that has become a vital communications medium for millions of individuals and businesses worldwide. Network Solutions is the only company authorized to assign some of the Internet's most widely used "domains," or addresses, specifically those that end in ".com," ".edu," ".net" or ".org." Critics have complained that Network Solutions, which charges $100 to assign a domain, has an unfair monopoly that has led to a high registration price and poor service.

The registered domains serve as a sort of postal code for the Internet, allowing users to send electronic mail and locate pages on the World Wide Web.

Gabriel Battista, chief executive of Network Solutions, said the company intended to fulfill the request. "We've received the notification and we will comply with whatever they ask for," Mr. Battista said.

Network Solutions also notified the SEC Thursday, in the same document that disclosed the antitrust investigation, that it was planning a stock offering that could be worth as much as $35 million.

In the document, Network Solutions said it could not predict whether a civil action would

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CAPITAL MARKETS ON MONDAY

Contrarian Fund Manager Forecasts Smooth Sailing for U.S. Bonds

By Timothy Middleton
New York Times Service

NEW YORK — Most bond-market strategists have been worried about higher interest rates this year. But not William Gross, manager of some of the fixed-income industry's best-performing and most consistent portfolios.

"I think the next move by Greenspan and company will be down as opposed to up," said Mr. Gross, the strategist in charge of fixed income for Pacific Investment Management Co., known as Pimco, of Newport Beach, California. "This probably will not occur until we are well toward the end of the year, or maybe early in 1998, but we could wind up the year at 6 percent on the long-term U.S. Treasury bond."

If he is right about the plans of the Federal Reserve Board and its chairman, Alan Greenspan, a decline from the current level of around 6.75 percent would have implications for equity investors.

Mr. Gross, who oversees $92 billion of fixed-income assets, or 84 percent of Pimco's $110 billion total, has been called "the Peter Lynch of bonds" by Newsweek magazine, a reference to the former manager of the Fidelity Magellan fund.

Mr. Gross has been bullish on the bond market all year, but that hurt in the first quarter, when bond prices were down. It paid off in the second quarter, however, when the average long-term government bond fund — the bellwether portfolio — rose 4.27 percent, delivering nearly a year's worth of returns in only three months.

Mr. Gross has been betting on lower interest rates since they spiked up in 1994, during the last round of Fed tightening. Earlier this year, when the Fed nudged rates up, his optimism backfired for shareholders of the several bond funds he manages. But the first quarter's weakness was more than erased by a rally in the second period, when the Fed declined to raise rates further — as it did again Wednesday.

Over the first half, Pimco Low Duration rose 4 percent and Pimco Total Return gained 3.65 percent, surpassing the 3.1 percent return of the Lehman Brothers Aggregate Bond index.

Two funds that Pimco manages for other firms, Fremont Bond and Harbor Bond, also beat the index. The Pimco funds have five stars, the top ranking for risk-adjusted performance, from Morningstar Inc., the fund researchers in Chicago, and the other two have four stars.

"I think it's hard to talk about fixed-income managers without his name being the first one mentioned," Mark Wright, senior analyst at Morningstar, said of Mr. Gross. "Pimco's developed one of the best track records in the industry, consistently and over a long period of time."

Mr. Gross, 53, has spent his entire financial career with Pimco, which specializes in debt securities. He joined the firm as a securities analyst after receiving a master's degree in business administration in 1971 from the University of California at Los Angeles.

A 1966 graduate of Duke University, Mr. Gross served three years as an engineering officer in the Navy and six months as a professional blackjack player in Las Vegas.

"It was blackjack that got me interested in securities markets," he said. The mathematics, memorization and gamesmanship that fuel success in one endeavor work equally well in the other, he said.

"When I found out you could beat the house at blackjack — and you can — it encouraged me to test my skills in financial markets."

In his 26 years with Pimco, Mr. Gross has observed debt markets when inflation was surging, as it was in the 1970s, and when it was ebbing, as it was from 1981 through 1994.

When interest rates are either rising or falling, the resulting change in bond prices is the principal risk in bond investing. When interest rates are relatively stable, the higher yields paid by long-term bonds more than compensate investors for the added risk of owning them.

"The art of bond management is taking the appropriate risks at the right time," Mr. Gross said, adding that in the current environment, "one of the best ways to take risk is to lengthen the maturity of your portfolios to some extent."

For example, he said, the relatively low yields of money-market securities could be improved with little additional risk by investing in short-term bonds. Money-market rates are currently about 4.5 percent. The Pimco Low Duration fund, which owns bonds with maturities of one to two years, is yielding about 6 percent. "So you pick up one and a half percentage points in yield by taking a slight extension risk in maturity," he said.

Another tactic for increasing a bond portfolio's yield in a range-bound environment is buying mortgage-backed bonds rather than Treasury bonds, Mr. Gross said. For example, a five-year Treasury note is currently yielding 6.4 percent, but a Government National Mortgage Association bond of similar characteristics yields 7.5 percent.

This strategy would be dangerous in a choppy bond market, he acknowledged, because mortgage-backed bonds are volatile when rates are in flux.

Of course, taking some even bigger risks is another way to plump up a portfolio's returns. Mr. Gross said the higher yields of junk and emerging-markets bonds — which he said were running at 8.5 percent to 9.5 percent — made them attractive for a small portion of an investor's portfolio.

"We own at Pimco about a 5 percent position in emerging markets," Mr. Gross said.

Mr. Gross said he expected interest rates to ebb to 6 percent this year because inflation had been all but obliterated.

Wages, the biggest component of producer prices, are constrained by unusually high increases in productivity, he said, making what he called a "perfect environment" for a bondholder.

The supply-demand equation is also benefiting bonds, he said.

Because of a shrinking deficit, the Treasury is issuing only about $100 billion of fresh debt annually. But it is also paying $250 billion in interest on the debt, most of it immediately reinvested.

"When you've got $250 billion chasing $100 million of new issuance, prices go up," he said.

Higher bond prices mean lower interest rates, as rates vary inversely with prices. This phenomenon is most visible in short-term rates, which are around 5 percent for three-month Treasury bills. That is less than the overnight borrowing rate among banks, set by the Federal Reserve at 5.5 percent.

Ordinarily, that rate is the lowest in the marketplace because it is for the shortest term.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending July 4. Prices supplied by Telekurs.

Argentine Peso

Rnk Name	Cpn	Maturity	Price	Yield
199 Brazil S.L FRN	6 15/16	04/15/12	83.6064	8.3000
206 Canada	6¾	08/28/06	101.9232	6.6200
210 Ecuador FRN	3¼	02/28/15	72.9485	4.4600
212 British Gas	zero	11/04/21	16¾	7.6100
213 Bulgaria	2¼	07/28/12	57.8299	3.8900
220 Mexico D FRN	6 9/16	12/28/19	93.0000	7.3300
221 Rashid Hussain	1½	06/30/07	98.2500	1.5300
224 EIB	7⅛	09/18/06	104.1250	6.8400
228 Mexico C FRN	6.8203	12/31/19	93.8883	7.2600
231 British Columbia	7⅞	06/11/07	102.7500	6.9300
232 Commerz FRN	5.7266	01/29/01	99.5800	5.7500
235 Bayer L-Fur	6¾	06/10/02	101.1250	6.6700
237 Venezuela par B	6¾	03/31/20	81.1875	8.3100
240 Venezuela FRN	6¾	03/18/07	93.3125	7.2300
242 Pemex	9	06/01/07	103.2500	8.7200
245 Italy	7	09/18/01	102.3535	6.8400
247 Gvt Jamaica	9⅝	07/02/02	101.0000	9.5300
249 Gleneagles FRN	6.1289	06/17/12	99.0500	6.1900
250 Samsung Elec	zero	12/31/07	98.0000	0.1900

Austrian Schilling

Rnk Name	Cpn	Maturity	Price	Yield
174 Austria	7	02/14/00	107.1500	6.5300
246 Austria	4⅝	05/23/02	100.0500	4.6200

Belgian Franc

Rnk Name	Cpn	Maturity	Price	Yield
156 Belgium	9	03/28/03	120.2300	7.4900

British Pound

Rnk Name	Cpn	Maturity	Price	Yield
155 World Bank	zero	07/17/00	80.1250	7.5600
230 Fannie MaeW8	6⅞	06/07/02	98.5000	6.9800
248 World Bank	6.1000	03/17/00	97.7500	6.2400

Canadian Dollar

Rnk Name	Cpn	Maturity	Price	Yield
169 Canada	7	09/01/01	105.5800	6.6300

Danish Krone

Rnk Name	Cpn	Maturity	Price	Yield
3 Denmark	8	03/15/06	113.20	7.0700
10 Denmark	7	11/15/07	105.7100	6.6200
23 Denmark	8	11/15/01	112.5200	7.1100
26 Denmark	7	12/15/04	107.6100	6.5000
29 Denmark	8	05/15/03	113.5500	7.0500
40 Denmark	7	11/10/24	99.4800	7.0400
49 Denmark	9	11/15/00	113.9400	7.9000
50 Denmark	6	11/15/02	104.7800	5.7300
52 Nykredit 3 Cs	6	10/01/26	91.3800	6.5700
60 Denmark	6	12/10/99	104.0500	5.7700
64 Denmark	9	11/15/98	106.6300	8.4400
75 Denmark	7	02/15/98	101.8800	6.8700
86 Peal Kredit	6	10/01/26	91.7000	6.5400
101 Nykredit Bank	7	10/01/26	98.4800	7.1100
105 Denmark	6	02/15/99	103.4500	5.8000
109 Denmark	7	08/15/97	100.3200	6.9800
146 Nykredit	7	10/01/29	95.9500	7.3000
192 Denmark	4	02/15/00	99.8900	4.0000
219 Realkredit Dan	7	10/01/26	98.7000	7.0900

Deutsche Mark

Rnk Name	Cpn	Maturity	Price	Yield
1 Germany	5	08/20/01	102.5351	4.8800
2 Germany	6	07/04/07	102.5800	5.8500
4 Germany	6¼	04/26/06	104.7333	5.9700
5 Germany	6	01/04/07	102.3200	5.8600
7 Germany	8	01/21/02	113.9600	7.0200
9 Germany	3¾	03/19/99	100.4900	3.7300
11 Germany	3½	06/18/99	99.9600	3.5000
12 Germany	8	07/22/02	113.3494	7.0600
13 Bundesobligation	4½	02/22/02	99.9400	4.5000
16 Germany	6⅞	05/12/05	109.3467	6.2900
17 Germany	4¾	11/20/01	101.3920	4.6800
18 Germany	6½	10/14/05	104.5097	6.2200
19 Germany	6	01/05/06	103.3050	5.8100
20 Germany	7⅜	01/03/05	112.4700	6.5600
21 Germany	5	05/21/01	102.8575	4.8600
22 Germany	6¼	01/04/24	97.3029	6.4200
24 Treuhand	7½	09/09/04	113.1600	6.6300
27 Germany	8½	02/20/01	114.1400	7.4500
30 Treuhand	6⅞	06/11/03	109.6900	6.2700
32 Germany	9	10/20/00	114.8500	7.8400
34 Germany	6	02/16/06	103.2300	5.8100
36 Treuhand	7⅜	12/02/02	112.0900	6.5800
38 Germany	5¾	08/22/00	105.0600	5.4700
41 Treuhand	6¾	05/13/04	108.8450	6.2000
42 Treuhand	7¾	10/01/02	113.6567	6.8200
44 Treuhand	6⅝	07/09/03	108.3800	6.1100
45 Germany	8⅞	12/20/00	114.9700	7.7200
46 Germany	8¼	09/20/01	114.4733	7.2100
47 Treuhand	6½	04/23/03	105.1837	6.1800
48 Germany	6½	03/15/00	106.7150	6.0900
51 Germany	6½	07/15/03	107.8200	6.0300
53 Germany	9	01/22/01	115.6436	7.7800
54 Germany	8¾	03/21/01	114.3407	7.3200
55 Germany	5⅞	05/15/00	105.2700	5.5800
56 Germany	7½	11/11/04	113.3120	6.6200
57 Germany	5⅛	11/21/00	103.2600	4.9600
58 Germany	8¾	08/20/01	116.2150	7.5300
62 Germany	8½	08/21/00	112.9200	7.5300
63 Germany	6¾	09/15/99	106.5600	6.3300
66 Treuhand	7⅛	01/29/03	110.8733	6.4300
67 Germany	6⅛	05/20/99	104.5613	5.8600
68 Germany	8¾	07/20/00	113.4100	7.7200
69 Germany	3½	09/18/98	100.3388	3.4900
70 Treuhand	6	11/12/03	105.1480	5.7100
73 Germany	6	09/15/03	105.5850	5.6800
74 Treuhand	5	01/14/99	102.3500	4.8900
80 Treuhand	6⅝	07/01/99	105.3500	6.0500
82 Germany	6¾	07/15/04	108.9700	6.1900
83 Germany	7	01/13/00	107.7025	6.5000
85 Germany	7⅛	12/20/02	110.9600	6.4200
89 Germany	5¾	05/28/99	104.0300	5.5300
90 Germany	6	02/20/98	101.7200	5.9000
91 Germany	5½	02/21/01	103.5900	5.0700
92 Germany	6	06/20/16	97.0900	6.1800
94 Treuhand	6⅛	03/26/98	102.0900	6.0000
95 Germany	6¾	04/22/03	109.1200	6.1900
98 Germany	5¾	08/20/98	102.7200	5.6000
99 Germany	6⅞	12/02/98	104.7300	6.5600
103 Germany	6⅜	05/20/98	102.7400	6.2000
104 Treuhand	5⅝	09/24/98	102.7200	5.4800
108 Germany	3½	12/18/98	100.2584	3.4900
111 Treuhand	6⅛	03/04/04	106.2225	5.8800
112 Treuhand	5	12/17/98	102.2500	4.8900
113 Germany	6¼	02/20/98	101.8600	6.1400
115 Germany	5⅜	02/22/99	103.0400	5.2200
116 Germany	8¾	05/22/00	112.9400	7.7500
119 Germany	7½	10/20/97	101.2200	7.4100
122 Germany	7	12/22/97	101.7200	6.8800
124 Germany	7¼	10/21/02	111.1906	6.5200
127 Germany	6⅝	01/20/98	101.8200	6.5100
132 Germany	6½	01/02/99	104.4000	6.2300
144 Germany	7¼	01/20/00	108.3067	6.6900
152 Treuhand	6½	07/29/99	105.2400	5.9400
157 Germany	6⅞	02/24/99	105.3300	6.5300
159 Germany	5¼	10/20/98	102.4100	5.1300
166 Germany	8¼	07/21/97	100.2000	8.2300
179 Treuhand	6⅛	06/25/98	102.7900	5.9600
191 Treuhand	7	11/25/99	107.4400	6.5200
197 Germany	6¾	06/21/99	105.9900	6.3700
211 Treuhand	5¾	04/29/99	103.9100	5.5300
222 Germany	7½	02/21/00	109.6900	7.0700
225 Germany	7¼	10/20/97	101.1500	7.1700
226 Germany	8	09/22/97	100.9733	7.9200

Dutch Guilder

Rnk Name	Cpn	Maturity	Price	Yield
43 Netherlands	6¾	07/15/98	102.8000	6.0900
65 Netherlands	5¾	02/15/07	101.9000	5.6400
84 Netherlands	9	01/15/01	115.40	7.8000
87 Netherlands	9½	03/15/01	114.20	7.4400
106 Netherlands	5¾	01/15/04	103.9000	5.5300
114 Netherlands	7½	01/15/23	115.0500	6.5200
118 Netherlands	8½	06/15/02	115.90	7.1200
128 Netherlands	8½	06/01/06	121.4500	7.0000
133 Netherlands	6½	04/15/03	108.2000	6.0100
137 Netherlands	6	01/15/06	104.1500	5.7600
158 Netherlands	7¾	03/01/05	115½	6.7100
168 Netherlands	8¼	02/15/02	115¼	7.1600
170 Netherlands SP	zero	01/15/23	18¼	6.8800
173 Netherlands	5¾	09/15/02	104.8500	5.4800
180 Netherlands	7	06/15/05	110.8500	6.3100
190 Netherlands	8¼	02/15/00	110.6500	7.4600
194 Netherlands	8¾	05/01/00	112.6000	7.7700
195 Netherlands	6¾	11/15/05	109.1200	6.1900
196 Netherlands	7½	06/15/99	107.1700	7.0000
201 Netherlands	9	07/01/00	113.90	7.9000
203 Netherlands	7	03/15/99	105.5000	6.6400
204 Netherlands	7½	10/01/04	112½	6.4400
207 Netherlands	8¼	02/15/07	120.2500	6.8600
208 Netherlands	7½	04/15/10	115.6000	6.4900
223 Netherlands	6¾	02/15/99	104.8500	6.4400
229 Netherlands	8¾	09/15/01	116.40	7.5200
234 Netherlands	7½	11/15/99	108.2000	6.9300

ECU

Rnk Name	Cpn	Maturity	Price	Yield
72 France OAT	5½	04/25/07	96.6367	5.6900
121 Britain	9⅛	02/21/01	116.1500	7.8600
131 France OAT	6	04/25/04	102.9700	5.8300
135 France OAT	9½	04/25/00	113	8.4100
136 France OAT	7	04/25/06	108.4500	6.4500
139 France OAT	8½	03/15/02	114.40	7.4300
145 Britain T-bills	zero	12/11/97	98.2644	4.0500
181 France OAT	6¾	04/25/02	107.3400	6.2900
188 France OAT	10	02/26/01	117.4300	8.5200
200 France OAT	8½	04/25/22	122.1633	6.7500
214 France B.T.A.N.	6	03/16/01	104.7300	5.7300
227 France BTAN	5	03/16/99	101.4500	4.9300
241 France OAT	7½	04/25/05	111.3400	6.7400

Finnish Markka

Rnk Name	Cpn	Maturity	Price	Yield
172 Finland Serial s	7¼	04/18/06	108.7344	6.6700
182 Finland	9½	03/15/04	121.4146	7.8200
187 Finland sr 1999	11	01/15/99	110.6177	9.9400

French Franc

Rnk Name	Cpn	Maturity	Price	Yield
125 FranceOAT	5½	04/25/07	100.0100	5.5000
153 France OAT	7¾	10/25/05	116⅛	6.6700
165 France OAT	6½	10/25/06	107.6900	6.0400
209 Italy	5⅞	07/02/07	99.5000	5.9000
217 France B.T.A.N.	4½	10/12/98	101.2200	4.4500
243 France B.T.A.N.	5¾	03/12/01	105.3400	5.4600

Italian Lira

Rnk Name	Cpn	Maturity	Price	Yield
185 Italy	8¼	07/01/01	107.1000	7.7000
187 Italy	6¼	03/01/02	100.6900	6.2100
233 Brazil	11	06/26/17	101.5295	10.8300
239 Italy	6¾	02/01/07	100.8800	6.6900

Japanese Yen

Rnk Name	Cpn	Maturity	Price	Yield
150 Stb Cayman C.	0½	10/01/07	109.6681	0.4500
160 World Bank	4½	03/20/03	114.0512	3.9500
184 World Bank	4¾	12/20/04	117⅝	4.0400
238 Argentina	4.4000	05/27/04	99.0000	4.4400
244 World Bank	4½	06/20/00	109.6250	4.1000

Portuguese Escudo

Rnk Name	Cpn	Maturity	Price	Yield
148 Bco Invest Imob	zero	06/27/11	111.8500	0.0000

Spanish Peseta

Rnk Name	Cpn	Maturity	Price	Yield
130 Spain	7.9000	02/28/02	109.6760	7.2000
154 Spain	6¾	04/15/00	104.1600	6.4800
215 Spain	7.3500	03/31/07	107.2420	6.8500

Swedish Krona

Rnk Name	Cpn	Maturity	Price	Yield
96 Sweden	11	01/21/99	109.2852	10.0700
120 Sweden	5½	04/12/02	103.8528	5.3000
177 Sweden 1036	10¼	05/05/00	113.3509	9.0400
202 Sweden 1037	8	08/15/07	113.0088	7.0800
216 Sweden	6½	10/25/06	100.2572	6.4800
218 Sweden	10¼	05/05/03	120.6800	8.4900
236 Sweden	13	06/15/01	126.3594	10.2900

Swiss Franc

Rnk Name	Cpn	Maturity	Price	Yield
205 Cap One FRN	1.4675	06/30/02	100.0063	1.4600

U.S. Dollar

Rnk Name	Cpn	Maturity	Price	Yield
6 Brazil Cap S.L	4½	04/15/14	92.8243	4.8500
8 Argentina par L	5½	03/31/23	71.1389	7.7300
14 Russia	10	06/26/07	100.9513	9.9100
15 Argentina FRN	6¾	03/29/05	91.7947	7.3500
25 Venezuela FRN	6¾	12/18/07	93.6323	7.2100
28 Brazil FRN	6 9/16	01/01/01	98.6938	6.9000
31 Brazil par ZI	5¼	04/15/24	69.4129	7.5600
33 Brazil	10⅛	05/15/27	97.9175	10.3400
35 Argentina	11¾	01/30/17	112.9213	10.0700
37 Mexico	11½	05/15/26	117.7951	9.7600
39 Brazil L FRN	6⅞	04/15/06	90.4691	7.6000
59 Venezuela par A	6¾	03/31/20	81.0022	8.3300
61 Mexico FRN	7.0547	06/27/02	99.8000	7.0700
71 Brazil S.ZI FRN	6⅞	04/15/24	82.6074	8.3200
76 Mexico FRN	7⅞	08/06/01	100.1500	7.8600
77 Brazil S.L FRN	6 9/16	04/15/12	83.1225	8.3500
78 Mexico par A	6¼	12/31/19	79.5654	7.8600
79 Ecuador FRN	3¼	02/28/15	67.4177	4.8200
81 Bulgaria FRN	6 9/16	07/28/11	74.6055	8.8000
88 Ecuador par	3½	02/28/25	50.1779	6.9800
93 IADB	6⅜	06/27/02	99.8388	6.3900
97 Bulgaria FRN	6 9/16	07/28/24	75.5013	8.6900
100 Arg Bontes	8¾	05/09/02	100.4490	8.7100
102 Mexico par B	6¼	12/31/19	79.0868	7.9000
107 Csn Iron Sa	9⅛	06/01/07	97.7114	9.3400
110 Argentina FRN	6⅞	03/31/23	87.3750	7.8700
117 Votovot Ovs	8½	06/27/05	100.0000	8.5000
123 Bco Com Ext.	7¼	02/02/04	93.5000	7.7500
126 Poland Inter	4	10/27/14	86.8714	4.6000
129 CCCI FRN	5.8313	06/27/04	99.6900	5.8500
134 Mexico	9⅞	01/15/07	106.0000	9.3200
138 Italy FRN	5.7188	05/12/02	99.8200	5.7300
140 Argentina FRN	5.7109	04/01/01	129.8000	4.3900
141 Mexico	11⅛	09/15/16	114¼	9.9600
142 Mexico B FRN	6.8359	12/31/19	95.5462	7.1500
143 Bayerische LB	6⅝	06/25/07	100.3750	6.6000
147 Lloyds Bank	6	06/16/98	99.1189	6.0500
149 CADES FRN	5⅝	12/10/01	99.6000	5.6500
151 Mexico A FRN	6.8672	12/31/19	93.8438	7.3200
161 Abbey Natl TS	6¼	06/30/00	99.8750	6.2600
162 Russia	9¼	11/27/01	102.1170	9.0600
163 Morg Guar Trust	6⅝	06/30/04	100.0000	6.6300
164 Italy	6⅞	09/27/23	96.1250	7.1500
167 Panama FRN	4	07/17/16	89.1250	4.4900
171 IADB	6⅝	03/07/07	100.6250	6.5800
175 Poland FRN	6 15/16	10/27/24	98.3085	7.0600
176 Brazil Cbond S.L	4½	04/15/14	93.4879	4.8100
178 Assc N.AmSub	6⅞	06/20/02	100.6250	6.8300
183 Ecuador FRN	6 7/16	02/28/25	74.6869	8.6200
186 Argentina FRN	5.7109	09/01/02	118.3000	4.8300
193 Brazil S.L FRN	6 15/16	04/15/09	87.8750	7.8900

Latest Rally Is Expected to Linger

Bloomberg News

U.S. bond prices are expected to rally this week, propelled by the momentum from last week's gains, after an unexpected rise in the jobless rate reinforced expectations that the Federal Reserve Board will not have to raise interest rates soon to stem inflation.

Before the Independence Day holiday Friday, Treasury issues rallied and yields fell to four-month lows.

"The market has a green light," said John Burgess, a bond manager at Bankers Trust Global Investment Management, after the "With this momentum, I don't see us ruling out the bond going to 6.50."

The benchmark 30-year Treasury bond's yield ended Thursday at 6.62 percent, compared with 6.74 percent the previous week.

Traders and investors may get further signs of slow inflation this week, when the government reports on producer

U.S. CREDIT MARKETS

prices for June. The index, slated for release Friday, is expected to show that prices rose 0.1 percent in June after falling 0.3 percent in May, according to economists surveyed by Bloomberg News.

Bond prices surged Thursday after the Labor Department said the unemployment rate rose to 5 percent last month from a 23-year low of 4.8 percent in May and that the economy created 217,000 jobs, a smaller-than-expected number.

Average hourly earnings, the report's inflation measure, rose a modest 0.3 percent, or 4 cents, in May. The report reassured the market that inflation would remain under control. In a booming jobs market, inflation can be triggered as employers offer bigger compensation to attract scarce workers and then pass on extra costs to consumers.

Low inflation is good news for bond investors because it means securities will hold more of their value over time. It also suggests the central bank will not see a need to raise interest rates in the months ahead. The Fed last changed rates in March, when it raised its target rate for overnight bank loans by a quarter point, to 5.5 percent.

New International Bond Issues

Compiled by Charlotte Sector

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Asset Backed Capital	$100	1998	⅛	100.10	—	Below 3-month Libor. Noncallable. Fees 0.10%. (Lehman Brothers Intl.)
Bancaja	$200	2007	0.40	99.57	—	Over 3-month Libor. Callable at par from 2002 when interest is 0.90 over the the 3-month Libor. Fees 0.40%. (Solomon Brothers.)
Compagnie Bancaire	$300	1998	⅛	100.028	—	Below 3-month Libor. Noncallable. Fees 0.05%. Denominations $10,000. (Barclays de Zoete Wedd.)
Christiana Bank	$250	2000	libor	99.983	—	Interest will be the 3-month Libor. Noncallable. Fees 0.15% Denominations $10,000. (Lehman Brothers.)
Compagnie Bancaire	DM500	2004	0.125	99.98	—	Over 3-month Libor. Noncallable. Fees 0.175%. (Deutsche Morgan Grenfell.)
CIR International	ITL200	2002	0.50	100.00	—	Over 3-month Libor. Redeemable at par in 2000. Fees 0.375%. (Banca Commerciale.)
Fixed-Coupons						
Asset Backed Capital	$200	2000	6⅞	101.2334	—	Reoffered at 100.046. Noncallable. Fees 1⅛%. (Credit Suisse First Boston.)
Bayerische Hypotheken und Wechsel Bank	$200	1999	6½	100.955	100.05	Reoffered at 99.88. Noncallable. Fees 1¼%. (Nomura Intl.)
Canada	$450	2001	5½	98.866	—	Noncallable. Fees 0.20%. (Yamaichi Intl.)
Gradiente Electronica	$100	2005	9⅝	99.35	—	Callable at 98.90 in 2002. Fees 1%. (Credit Suisse First Boston.)
Croatia	DM300	2004	6¼	101.709	99.80	Reoffered at 99.584. Noncallable. Fees 2⅛%. (Credit Suisse First Boston.)
Goldman Sachs Group	DM400	2009	6¼	101.63	99.65	Reoffered at 99.28. Noncallable. Fees 2⅜%. (Goldman Sachs.)
Italy	DM3,000	2007	5¼	101.633	99.82	Reoffered at 99.458. Noncallable. Issue may be redenominated in euros after EMU. Fees 2⅛%. (Deutsche Morgan Grenfell.)
Merrill Lynch	DM400	2009	6¼	102.00	101.10	Reoffered at 99.90. Noncallable. Fees 2⅛%. (Merrill Lynch.)
Mexico	DM750	2008	8	102⅛	—	Reoffered at par. Noncallable. Fees 3%. (Deutsche Morgan Grenfell.)
Rabobank	DM350	2001	4¼	101.86	99.85	Reoffered at 99.935. Noncallable. Fees 2⅛%. (Rabobank Deutschland.)
Turkiye Emlak Bankasi	DM150	2002	8½	100.00	—	Reoffered at 99.00. Noncallable. Fees 2⅛%. (Commerzbank.)
Baden Wurt L-Finance	ITL500,000	2004	9	101.05	99.87	Reoffered at 99.425. Interest will be 9% until 1999 thereafter 5⅛%. Issue may be redenominated in euros after EMU. Fees 1⅝%. (Caboto Holding.)
Brazil	ITL750	2017	11	101.675	101.75	Reoffered at 100.375. Noncallable. Fees 2%. (Deutsche Morgan Grenfell.)
European Investment Bank	ITL250,000	2007	9	101.81	101.40	Interest will be 9% until 1999 thereafter interest is 5⅞%. Reoffered at 99.135. Noncallable. Fungible with outstanding issue, raising total amount to 1.5 trillion lire. Issue may be redenominated in euros after EMU. Fees 2%. (Banca Nazionale del Lavoro.)
General Electric Capital Corp.	ITL300	2002	6⅛	101.655	100.10	Noncallable. Fees 1⅝%. (Banca Commerciale Italiana.)
Kreditanstalt Fuer Wiederaufbau	ITL300	2002	6⅝	101.425	—	Reoffered at 99¼. Noncallable. Fees 2%. (Credito Italiano.)
Lehman Brothers Holding	ITL175,000	2002	7.30	101.675	—	Interest will be 7.30 until 1998 thereafter 7% or switches to FRN with the interest of 0.375% over 6-month libor. Fees 1⅝%. (Banca Commerciale Italiana.)
World Bank	ITL1T	2007	6½	101.076	99.45	Reoffered at 99.251. Noncallable. Fees 1⅝%. (J.P. Morgan.)
Bayerische Vereinsbank	DF300	2009	6⅛	101.573	100.30	Reoffered at 99.998. Noncallable. Fees 2%. (ABN-AMRO Hoare Govett.)
General Electric Capital Corp.	DF200	2002	4⅝	101.612	100.15	Reoffered at 99.987 Noncallable. Fees 1⅞%. (ABN-AMRO Hoare Govett.)
Kredietbank Intl Finance	DF200	perpt	6¼	101.11	—	Reoffered at 99.86. Callable at par in 2007 and every 10 years thereafter to yield 0.25 over the 10 year Dutch government bonds. Fees 2%. (Kredietbank.)
SNS Bank Nederland	DF250	2009	6¼	101.375	99.80	Reoffered at 99.90. Fees 2%. (ABN-AMRO Hoare Govett.)
Credit Local de France	ECU100	2002	5¼	101.85	100.30	Noncallable. Issue may be redenominated in euros after EMU. Fees 1⅞%. (Banque Intl Luxembourg.)
Sony Capital	Y25,000	2000	5.01	100.00	—	Semiannually. Redemption at maturity will be in dollars. Noncallable. Fees 1⅛%. (Merrill Lynch.)
Equity-Linked						
Hyundai Engineering & Construction	$100	2004	⅛	100.00	—	Redeemable in 2002 at 134⅛ to yield 0.25 below Treasuries. Convertible at 26,100 korean won per share, a 16.72% premium. Fees undisclosed. Denominations $10,000. (UBS.)

The Week Ahead: World Economic Calendar. July 7-11

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News

	Asia-Pacific	Europe	Americas
Expected This Week	**Manila:** Chamber of Mines of the Philippines and the Department of Environment and Natural Resources sponsor "Mining Philippines '97" conference. From Thursday to Saturday.	**Basel, Switzerland:** Central bank governors of the Bank of International Settlements meet. Saturday to Wednesday. **Madrid:** Meeting of the North Atlantic Treaty Organization. countries meet to discuss new members. Tuesday and Wednesday.	**San Francisco:** Japan-U.S. Business Council conference on deregulation and market access, economic fraud. Speakers include Michael Jordan, chairman of Westinghouse Electric Corp., and Yotaro Kobayashi, chairman of Fuji Xerox Co.; Monday to Wednesday.
Monday July 7	**Seoul:** Bank of Korea announces its economic outlook for the second half of the year; government opens index-options market. **Sydney:** National Australia Bank Ltd. releases its National Business Survey.	**Brussels:** European Union finance ministers hold monthly meeting. **Frankfurt:** Pro Sieben Media AG's shares begin trading on Frankfurt Stock Exchange. **London:** Industrial production figures for May.	**Rio de Janeiro:** Petroleo Brasileiro SA to receive final proposals from more than 60 international oil exploration, production and refining companies for joint ventures.
Tuesday July 8	**Sydney:** Center For Independent Studies releases its "State of the Nation" report. **Tokyo:** Kokusai Securities Co. releases forecast on the economy in 1997 and 1998.	**Vienna:** Bundesfinanzierungsagentur sells 15 billion schillings ($1.22 billion) in 30-year bonds. **Frankfurt:** June unemployment figures. **Earnings expected:** General Electric Co.	**Washington:** Federal Reserve System reports June consumer credit; Senate Governmental Affairs Committee holds hearings on political fund-raising. **Earnings expected:** Advanced Micro Devices, Motorola, Safeway.
Wednesday July 9	**Tokyo:** Bank of Japan releases balance of payments for May and regional balance of payments for 1996; Ministry of Finance releases data for domestic and overseas securities investments in May.	**Copenhagen:** April current account and trade balance. **Paris:** Insee releases June household confidence survey. **Paris:** Credit Lyonnais issues report on French economic context in 1997 and 1998.	**Brasilia:** Communications Ministry opens bids for mobile telephone service in greater Sao Paulo, Bahia and Sergipe. **Washington:** May wholesale trade. **Earnings expected:** Seagate Technology.
Thursday July 10	**Tokyo:** Okasan Economic Research Institute Co. releases its forecast on the Japanese economy. **Earnings expected:** Culturecom Holdings, Sincere Co., Sing Tao.	**London:** Bank of England holds Monetary Policy Committee meeting. **Paris:** Eurotunnel holds shareholders meeting to vote on debt restructuring plan. **Aschau im Chiemgau, Germany:** Bundesbank holds policy meeting.	**Mexico City:** May trade balance. **Earnings expected:** Atmel, Bandag, Canwest Global Communications, Compaq Computer, Eclipse Surgical Technologies, Fannie Mae, First Bank System, Hibernia, Laidlaw.
Friday July 11	**Hong Kong:** Government announces employment and vacancy statistics for March. **Wellington:** First-quarter balance of payments.	**Madrid:** Consumer price index for June. **Paris:** Consumer price index for June; exchange reserves for June. **Zurich:** Institute for Economic Research holds briefing on the Swiss economy.	**Washington:** Labor Department reports producer price index for June. **Ottawa:** Statistics Canada releases June labor-force survey. **Earnings expected:** Fastenal, Phelps Dodge.

Last Week's Markets

Stock Indexes

	July 4	June 27	% Ch'ge
United States			
DJ Indus.	Clsd	7,687.72	Clsd.
DJ Util.	–	725.60	..
DJ Trans.	–	2,732.43	–
S & P 100	–	863.98	..
S & P 500	–	887.29	–
S & P Ind	–	1,043.54	..
NYSE Cp	–	463.30	..
Nasdaq Cp	–	1,438.14	..
Japan			
Nikkei 225	19,968.00	20,523.75	–2.71
Britain			
FTSE 100	4,812.80	4,630.00	+3.95
Canada			
TSE Indus.	6,580.80	6,426.40	+2.40
France			
CAC 40	2,934.48	2,889.77	+1.55
Germany			
DAX	3,942.50	3,795.41	+3.88
Hong Kong			
Hang Seng	14,823.97	15,196.79	–2.45
World			
MSCIP	964.103	944.77	+2.05

World index from Morgan Stanley Capital Intl Perspective

Money Rates

	July 4	June 27
United States		
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds rate	Clsd.	5 9/16
Japan		
Discount	0.50	0.50
Call money	0.39	0.46
3-month interbank	0.64	0.63
Britain		
Bank base rate	6½	6¼
Call money	6¼	6½
3-month interbank	7	6 [illegible]
France		
Intervention rate	3.10	3.10
Call money	3 [illegible]	3⅛
3-month interbank	3 [illegible]	3 [illegible]
Germany		
Lombard	4.50	4.50
Call money	3.13	3.10
3-month interbank	3.13	3.13

Gold	July 4	June 27	% Ch'ge
London p.m. fix $	324.50	336.55	–3.58

Euromarts

Eurobond Yields

	July 4	June 27	Yr high	Yr low
U.S. $, long term	6.72	6.72	7.09	6.53
U.S. $, mdm term	6.44	6.43	6.84	6.10
U.S. $, short term	6.13	6.16	6.51	5.96
Pounds sterling	7.44	7.43	7.75	7.09
French francs	4.97	4.97	5.05	4.66
Italian lire	6.51	6.61	7.79	6.50
Danish kroner	5.45	5.50	5.93	5.38
Swedish kronor	5.24	5.29	5.61	4.82
ECUs, long term	6.12	6.15	6.42	5.76
ECUs, mdm term	5.36	5.31	5.52	4.92
Can $	5.99	5.75	6.51	5.70
Aus. $	6.60	6.56	7.86	6.55
N.Z. $	6.96	7.16	8.39	6.96
Yen	1.97	1.93	2.15	1.64

Source: Luxembourg stock exchange.

Weekly Sales

July 3

Primary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	401.4	320.0	2,198.9	992.8
Convert	48.0	—	341.3	2.8
FRNs	783.3	361.4	2,804.5	1,074.1
ECP	12,122.2	10,212.3	12,879.2	9,267.2
Total	13,354.9	10,894.7	18,223.9	11,336.9

Secondary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	27,481.8	24,678.3	97,518.7	30,206.0
Convert.	1,738.9	1,365.9	4,256.2	2,610.0
FRNs	28,607.9	11,822.8	63,503.8	9,095.9
ECP	18,89.5	19,810.1	26,345.3	25,438.7
Total	59,718.1	57,677.1	191,624.0	67,350.6

Source: Euroclear, Cedel Bank.

Libor Rates

	1-month	3-month	6-month
U.S. $	[illegible]	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]	[illegible]
Pound sterling	[illegible]	[illegible]	[illegible]
French franc	[illegible]	3⅜	[illegible]
ECU	4⅛	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]

Sources: Lloyds Bank, Reuters.

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SHORT COVER

Thai Bourse to Ease Trading Limit

BANGKOK (Bloomberg) — The daily limits on price movements of Thai shares will be tripled as of Aug. 1 as part of Thailand's program to attract new investment through deregulation, said Pakorn Malakul Na Ayudhya, secretary-general of the Securities and Exchange Commission.

Shares will probably be allowed to rise as much as 33 percent in one day and fall 27 percent, Mr. Pakorn said over the weekend, adding that the limits may be set at 30 percent each way. Shares on the Stock Exchange of Thailand are now allowed to rise or fall 10 percent daily.

Singh Tangtatswas, president of the exchange, told the newspaper The Nation that new measures would be imposed to offset increased volatility.

If the SET Index falls 100 points from the previous day's close, trading will be halted for an hour. If the benchmark index falls 200 points, trading will end for the day.

Bundesbank Shows Flexibility

BERLIN (Reuters) — The deputy president of the Bundesbank, Johann Gaddum, said Sunday that the convergence criteria should be taken seriously but that there was no economic difference between deficits of 2.9 percent or 3.1 percent of economic output.

The new European central bank's monetary policies will be as strong as the Bundesbank's, Mr. Gaddum said in a radio interview.

India Approves Coke Investment

NEW DELHI (Reuters) — The government has approved an investment by Coca-Cola Co. to set up bottling plants under an overall $700 million investment plan, an industry source said.

Separately, the Press Trust of India said Coca-Cola's plan to set up two subsidiaries had been cleared by the cabinet committee on foreign investment at a meeting Friday.

Government officials could not be reached for comment.

The approval was one of six foreign investment projects approved by Prime Minister Inder Kumar Gujaral's two-month-old government, in a further attempt to show India's commitment to economic liberalization.

BA French Unit Expects '97 Loss

PARIS (Reuters) — The French airline Air Liberte-TAT will not break even this year but expects to turn profitable in two years, the chairman, Marc Rochet, said.

"This year, we will not quite break even but we should get there in two years," he told Radio Classique. "Our objective is to have revenue of more than 3 billion francs ($508 million) and profitability in two years."

Air Liberte-TAT is the French subsidiary of British Airways PLC. The private French group Rivaud also holds a small stake.

Japanese Banks Groan Under Bad-Debt Load

Bloomberg News

TOKYO — Japanese banks are still struggling to rid themselves of the bad loans that have dragged them down since the collapse of the real-estate market earlier this decade.

Banks, thrifts and agricultural cooperatives were carrying 27.9 trillion yen ($245.27 billion) in mostly property-related bad loans as of March, the Finance Ministry said in a report released late Friday.

That is a reduction of only 4.5 percent from the last report six months ago. Banking analysts say the picture is even bleaker because Japan's accounting rules allow the banks to underreport the actual bad-loan figure by tens of trillions of yen.

"If all the bad loans were included, we estimate the Japanese banking system is carrying as much as 70 trillion yen in debt," said Koyo Ozeki, a senior director of IBCA, a British credit-rating company. Given that land prices are still falling and new bad loans continue to appear, "the Finance Ministry's estimated losses are way too optimistic," he said.

While some of the nation's biggest banks are making headway in disposing of their debt, most of the others will be left behind as the government's "Big Bang" deregulation program cuts red tape and spurs competition in coming years, analysts said.

Trust banks, regional banks and other heavily indebted institutions will not have money to take advantage of deregulation's opportunities, while other companies will have cash freed up to expand into newly opened markets, such as by buying brokerages or insurance companies.

A Golden Era in Credit Cards Is Ending in a Squeeze

By Saul Hansell
New York Times Service

NEW YORK — The last few years have been heaven for credit-card users, who have been inundated by offers to try new cards with no annual fees, low-interest "teaser" rates, frequent-flier miles, bonus points and assorted other goodies.

But the platinum parade is coming to an end.

Credit-card companies, bloody from brutal competition and a rise in the number of customers defaulting on their bills, have started to raise fees and interest rates, limit credit lines and scale back the most generous bonus programs.

The competitive battle led to an "irrational balance in favor of the consumer," said Michael Urkowitz, executive vice president in charge of credit cards at Chase Manhattan Bank, the largest U.S. bank.

The pendulum is set to swing back, he said, as a banking and consumer-credit "rationalization" cuts back some of the most lucrative card offers.

Seamus McMahon, a partner at First Manhattan Consulting Group, said: "The credit-card industry is in the same position as the airline industry was three or four years ago. The players have come to the conclusion that too often they are giving away the goods for far less than their costs."

The pressure is on because losses from bad credit-card debt have reached 7 percent of total balances, a higher level than even in the depths of the 1990-91 recession. Personal bankruptcies are increasing at a 27 percent annual pace.

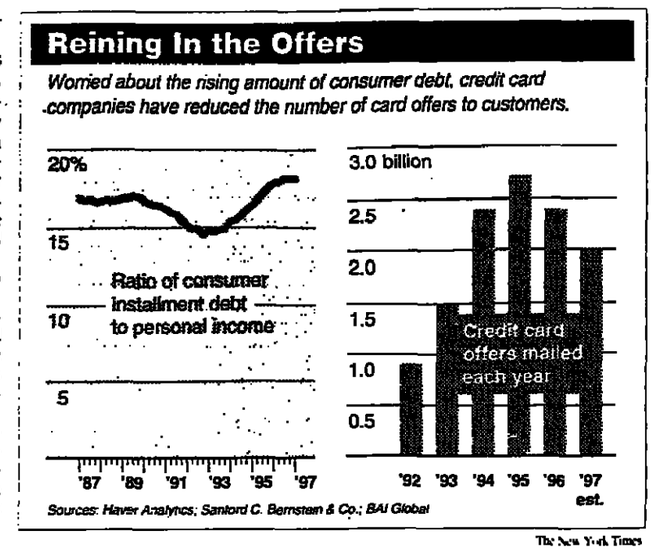
"This business dipped further down into the barrel in terms of reaching people with marginal ability and willingness to pay their debts," said William Hodges, executive vice president for marketing for the Discover Card, a unit of Morgan Stanley, Dean Witter, Discover & Co.

Some evidence of the cutbacks is visible: Last week, Ford Motor Co. canceled a credit card, with Citibank, that offered rebates on new cars. In addition, Advanta, once a rapidly growing credit-card company that has been hit with sharply higher losses, recently raised interest rates by two percentage points on most of its accounts and has imposed a raft of new fees.

Much of the retreat, though, is so subtle that many may not notice.

The number of credit-card mailings is already down sharply, and experts estimate that there will be 25 percent fewer offers for cards than there were two years ago — and the offers are not so lucrative.

Card companies are trying to impose fees, but only on some customers. Being late with one payment these days or going over a credit line by a single dollar can cost $20 at most big card companies.



'Micro-Cap' Roller Coaster Rewards Strong Stomachs

By Anne Tergesen
New York Times Service

NEW YORK — The so-called micro-cap mutual funds took investors on a wild ride this spring.

Since a brutal correction last summer in the market for small stocks and for its micro-cap subset of even smaller issues, investors have favored blue chips.

From January through April, funds specializing in micro-caps — stocks of companies with market values of less than $250 million — trailed those investing in the Standard & Poor's 500-stock index by an average of about 14 percentage points.

In fact, the micro-cap funds had an average loss of 5.6 percent during that time, compared with an 8.8 percent gain for the index funds.

That prompted Satya Pradhuman, manager of U.S. quantitative analysis at Merrill Lynch, to wonder whether managers of the most beaten-down portfolios retained enough confidence to seize the opportunities he saw coming.

"Investment managers have been traumatized," he wrote in early May in a report to investors.

By the end of May, however, such concerns seemed misplaced. Almost overnight, the smallest stocks had transformed themselves from Wall Street's wallflowers into the life of the party, taking the funds that invest in them along for the ride.

But when blue chips returned as the market leaders in June, investors were left to wonder whether May had been a cruel reminder of the short-lived surge in the spring of 1996 or the start of a long-awaited revival.

Such volatility is far from unusual. An analysis by Prudential Securities of data compiled by the University of Chicago's Center for Research in Security Prices shows that micro-caps have historically posted ups and downs that are 87 percent more extreme than those of large stocks and 26 percent greater than those of small caps — stocks with a market value under $1 billion.

The swings can increase sharply when fund managers shun diversification as a risk-management tool. American Heritage, a micro-cap fund that, like a lot of such funds, is too small to be included in many newspaper and other listings, has posted a 78 percent return so far this year, largely on the back of one tiny stock.

It plowed more than half its $18.1 million in assets into Senetek, a British company that says it has a treatment for male impotence.

The bet-the-farm gamble paid off as Senetek's stock racked up a big percentage gain this quarter, rising from $3.38 to $4.50, but investors would have had little cushion if the stock had turned south. And the fund has an annual total return of just 2.2 percent over the last three years, suggesting that its valleys can be just as off-the-charts as its reported peaks.

"We are what you call a high-risk fund," said Heiko Thieme, the chairman and manager of the fund, defending his tendency to make heavy bets. "The very reason why we are up is that we remained focused."

Besides being highly volatile, the fund is also one of the most expensive around, charging fees of 6.25 percent of the fund's assets to defray overhead and other expenses, versus about 1.5 percent for the typical micro-cap offering.

Even diversified micro-cap funds can sometimes be a nightmare for

INVESTING

impatient or risk-averse investors. Those who pulled money out of the Bridgeway Ultra-Small Co. fund in response to its 3.6 percent loss in February missed out on gains that left the portfolio up 20.6 percent for the first half of the year, compared with an the average return for all diversified U.S. funds of 13.1 percent, according to Morningstar. The Bridgeway fund concentrates on companies with market capitalizations of less than $100 million.

Micro-cap funds are particularly risky because of the speculative nature of many of the small companies they invest in. Stephen Janachowski, a co-founder of the investment advisory firm Brouwer & Janachowski, based in Tiburon, California, said the markets they traded in tended to be illiquid, adding to the volatility.

Those factors make micro-caps a poor choice for investors unable to wait at least five years for returns, Mr. Janachowski said.

He said he recommended that individual investors limit purchases of micro-caps to between 5 percent and 20 percent of a portfolio.

Although their outsized volatility makes small and micro-cap stocks notoriously difficult to predict, many market analysts argue that the fundamentals — including a strong economy and a strong dollar — are in place for a rebound in both sectors, which tend to move in tandem.

Other analysts point out, however, that these conditions have existed for some time but have yet to fuel a sustained micro-cap rally.

But even if micro-caps fail to ride along with the current bull market, history suggests that patient investors will be rewarded. Since 1926, according to Prudential, micro-caps have outperformed the rest of the market; their compounded annual returns of 12.6 percent were higher than the 11.8 percent posted by small-caps and the 10.2 percent shown by blue-chip stocks.

"This is a great time to be looking at micro-caps," Mr. Pradhuman of Merrill Lynch said. With the heady multiples at which blue-chip issues are now trading, he said, small stocks offer an opportunity to hunt for bargains and to diversify.

Mr. Pradhuman said small-cap stocks, including the micros, are cheaper relative to blue chips than they have been since the end of a small-stock bear market in 1990. Based on ratios of stock prices to sales, he said, micro-cap stocks are trading at about 0.32 times the average for large caps. That is 16 percent below the ratio of 0.38 that they hit in 1990, the previous low for the decade.

Micro-cap funds are also relative bargains. Investors must now spend an average of $25.16 to receive $1 in earnings from funds that invest in the largest stocks, compared with $27.30 for small-cap stocks and $23.43 for those specializing in micro caps, Morningstar says.

Also working in the sector's favor is a proposed cut in the U.S. capital gains tax rate, said Claudia Mott, director of small-cap research at Prudential. If history repeats itself, she said, after a correction in one quarter, small stocks will rally by more than their large counterparts.

That, she added, is because the smallest companies typically deliver returns in the form of price appreciation, or capital gains, rather than dividends.

On balance, advisers say, another positive factor for the smallest stocks is the recent decline in initial public offerings. Although deprived of high-flying small stocks they can sell at a quick profit, micro-cap mutual funds can benefit because investors interested in small stocks then turn their attention to existing issues, pushing prices higher.

With all these promising signs for micro-caps, the only missing piece of the equation is earnings growth, Ms. Mott says. If analysts polled by First Call Corp. are correct, after two years in which earnings improved too slowly to justify the higher risk of investing in small stocks, profit growth at small companies will outstrip that of market leaders by more than 10 percent this year and next.

Merger Fever Hits Wall Street as Firms Seek Global Reach

By Peter Truell
New York Times Service

NEW YORK — As the securities, banking, insurance and money-management industries continue their rapid consolidation, some of the biggest names in finance are on the prowl for acquisitions on Wall Street — or have recently made the plunge. The main decision they all face is to figure out which company will give them the biggest lift as they seek to build a global financial business.

Those now scouting the field include ING Group NV of the Netherlands, Societe Generale SA of France, Chase Manhattan Corp. and J.P. Morgan & Co.

In the latest announced transactions, Scudder, Stevens & Clark Inc. plans to be sold to Zurich Corp. for $1.67 billion, and NationsBank Corp., the banking giant based in Charlotte, North Carolina, agreed to pay $1.2 billion for Montgomery Securities Inc., the San Francisco investment bank that caters to Silicon Valley companies and other growing industries.

Many new alliances, both planned and putative, raise questions about the ability of managers to integrate different businesses that often have individual cultures and practices established over many years, if not many generations.

Much of this concern, however, seems lost as financial companies rush to combine their businesses, talking of "logical fits," "synergies" and "global businesses." They all seek to take advantage of the booming financial markets and loosened regulations that increasingly allow the combination of different types of financial businesses.

In this charged atmosphere, some securities companies have even found it necessary to insist they are not for sale. At Donaldson, Lufkin & Jenrette Securities Corp., John Chalsty, the chief executive, sent a memo on June 25 to the firm's employees saying, "DLJ is not for sale and no discussions are under way with any imagined potential acquirers."

Shares of the firm have nearly doubled in a year, partly because of speculation that its parents, Equitable Companies, which in turn is controlled by AXA-UAP, the French insurance giant, might want to sell.

In the NationsBank-Montgomery deal, the question arises as to whether bankers from North Carolina, whose clients include many of the country's biggest companies, will be able to easily absorb Montgomery, a comparative mite that has grown up providing equity finance to small and dynamic companies in health care, high technology and communications.

Top executives of NationsBank and Montgomery say they intend to allow Montgomery to remain an independent fief within the NationsBank empire, yet they said they also expected to exploit synergies between the companies. Thomas Weisel, Montgomery's chief executive, and James Hance Jr., NationsBank's vice chairman and chief financial officer, both stress the similar values and cultures of the two operations.

NationsBank and Montgomery executives talked of "one-stop shopping" as a benefit of their transaction. In doing so, they resurrected a term that was bandied about in the financial services industry in the heady 1980s, when Shearson-Lehman American Express proposed to offer companies and individuals everything from credit cards to stock issues.

ING also showed interest in Montgomery, according to bankers involved in the sale negotiations.

"We have an investment-banking business in the U.S. through ING Baring and we are interested in expanding it, either by means of acquisition or organically," said Ruud Polet, ING's spokesman in Amsterdam. "We are looking around and people know how to find us," he added, but he declined to comment on specific questions about his company's talks with Montgomery.

In the Scudder-Zurich deal, a question is whether Brahmins in Boston where Scudder started out and where it still has offices, will work well with Swiss financiers and Chicago money managers. That, in a sense, is what is proposed in the creation of Scudder Kemper Investments, which will incorporate Scudder and Zurich Kemper Investments of Chicago.

The new company, based in New York, will be almost 70 percent owned by the Zurich Group, the big Swiss insurer that has decided that asset management has rosier long-term prospects than the insurance business.

"For us, one of the great positives is we are going to be a global investment-management firm," said Edmond Villani, Scudder's president and chief executive. "It isn't going to be where you're headquartered, it's how you are doing business," he added.

PLACE: *In Tbilisi, It's Betsy's*

Continued from Page 13

business until she moved to Tbilisi five years ago. She had never even lived overseas. When the Berlin Wall came down and the Soviet empire began to crumble, she was in Georgetown, running an exchange program to promote understanding between American politicians and Soviet and East European counterparts.

"Betsy would sweep these foreign dignitaries from the airport in her Chevrolet convertible, take them around and entertain them with fabulous dinner parties at her house," said Ann Polk, a friend in Washington. "Of course, they were all just enchanted."

But the exchange program shut down soon after the failed 1991 coup against the Soviet leader Mikhail Gorbachev. Ms. Haskell said that without the program to run, she grew bored and restless in Washington.

When a young Georgian politician came to her for advice on how to foster democracy under the rule of Georgia's first, authoritarian president, Zviad Gamsakhurdia, she ended up traveling to Tbilisi to organize a seminar on business planning and foreign investment.

Upon her return to Washington, she won a $250,000 grant from Metromedia, the communications giant, to encourage private investment in Georgia. That led to the opening of her real-estate firm in 1993 with two female Georgian partners.

Asked whether she knew anything about real estate before she started, Ms. Haskell airily replied, "No, but I moved a lot — after a while, you just sort of know." She said it was easy. "After a month, we had a huge database," she said. "Basically every house was available — Georgians always have three houses."

She sold the firm to her partners last year to manage the hotel full time.

The secret of her success in the uncharted and Byzantine world of Georgian business, said the confident and well-connected Ms. Haskell, is that she is a sole proprietor, unfettered by the shifting rules that can stymie major joint ventures.

"I'm not a winery or a bottling plant — I'm a small-business blip," she said.

She laughed when asked about corruption, saying, "Corruption can also work your way."

Ms. Haskell, who drives herself around town in a new teal blue Russian-made Lada, said her only regret was that Tbilisi had nothing in the way of Chinese food, Western movie theaters or shopping. "There are no real stores here," she said. "I order my clothes from Talbots."

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NET: *Domains to Be Scrutinized*

Continued from Page 13

ultimately be filed by the Justice Department or by others as a result of the investigation or what such an action would entail.

It said that neither it nor its parent company was "aware of the scope or nature of the investigation."

In March, Network Solutions was sued by a New York-based company, PG Media Inc., which alleged that Network Solutions was violating antitrust laws by not adding new domain suffixes.

Network Solutions was given the power to assign domains on the Internet in 1995 by the National Science Foundation, which controlled such registrations when the network was largely the terrain of academics and government scientists. Under the deal, the company would place 30 percent of the registration fees — or $30 per domain — into a fund for the "preservation and enhancement" of the Internet.

None of that money has been spent, and the fund totaled $23.8 million at the end of March, according to the document filed with the SEC. Network Solutions' revenue from registration activities since its inception has been more than $55 million. The document filed with the SEC also said that Network Solutions, which previously kept its financial position confidential, had returned to profitability, posting earnings of $516,000 for the first quarter of 1997. The company lost $1.6 million last year and $2.8 million in 1995.

■ **Ministers Discuss Net**

Economics, trade and technology ministers from about 40 countries, including members of the European Union plus the United States, Russia, Japan and Canada, will meet in Bonn on Monday for a conference on Internet commerce, Reuters reported from the German capital.

The European hosts of Global Information Networks, opening Monday, saw their thunder stolen by President Bill Clinton last week when he issued a call to create an Internet "free trade zone" within a year.

The proposal met with a lukewarm response from European Union states and some developing countries, who fear that any deal would disproportionately benefit U.S. industry.

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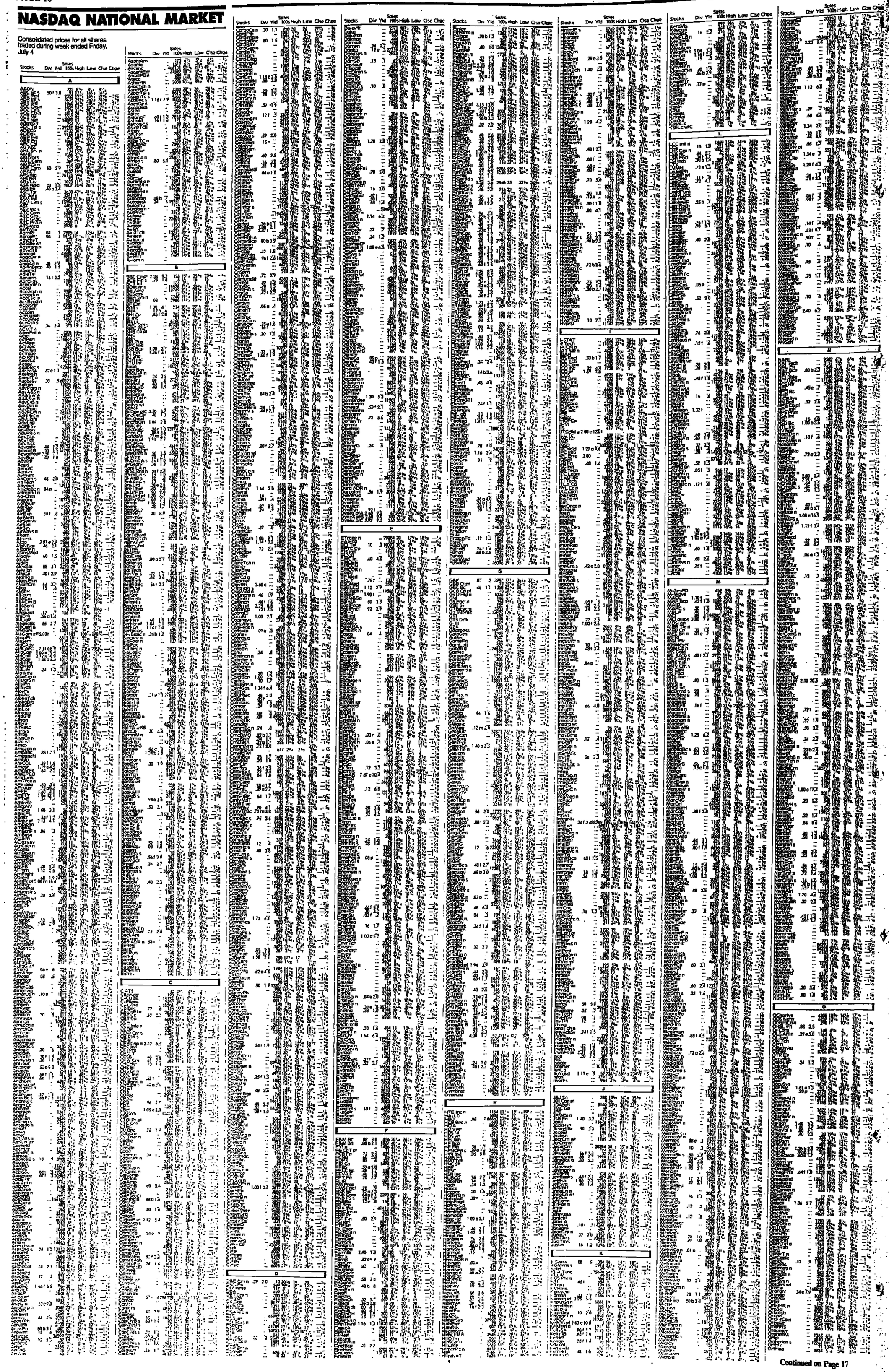
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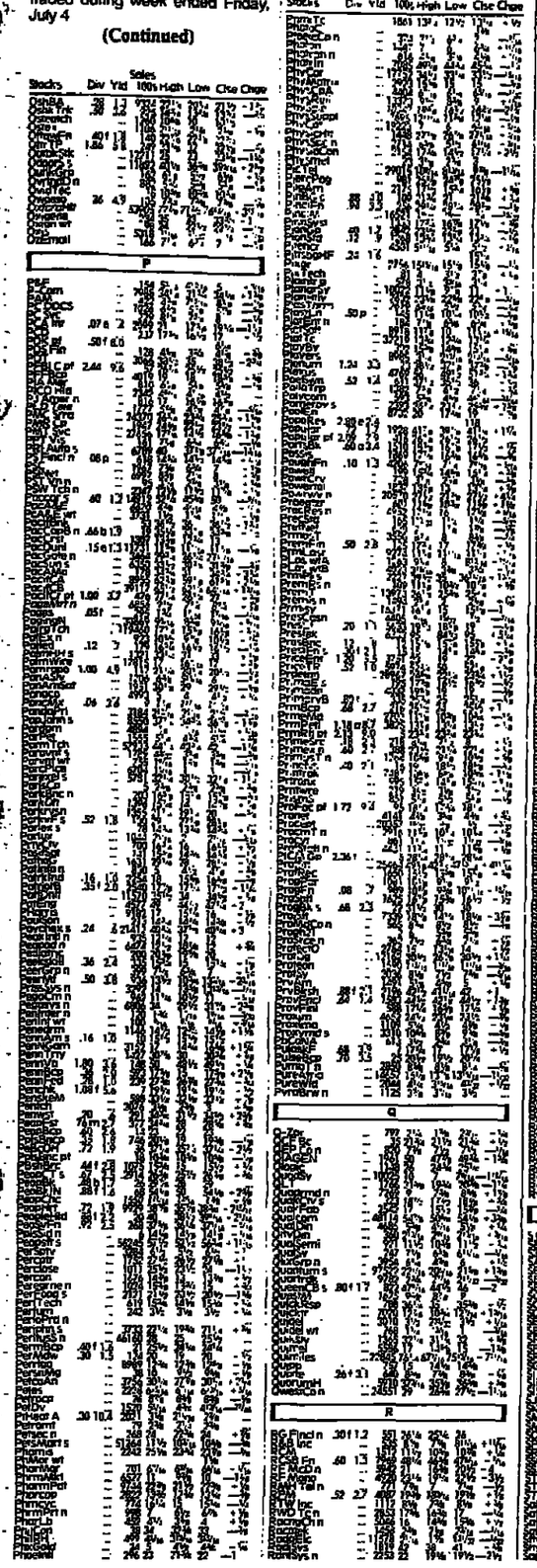
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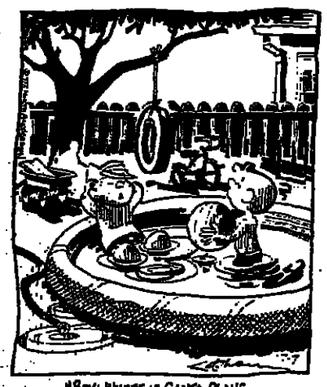
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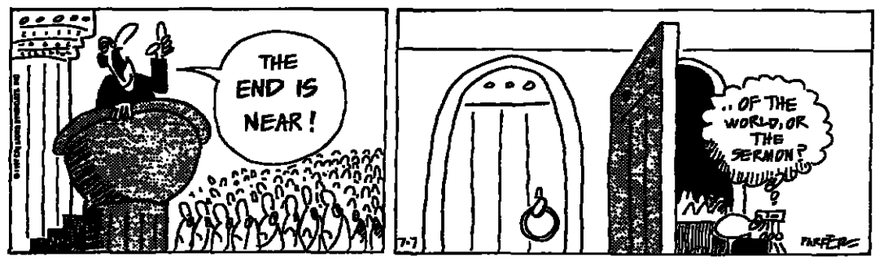
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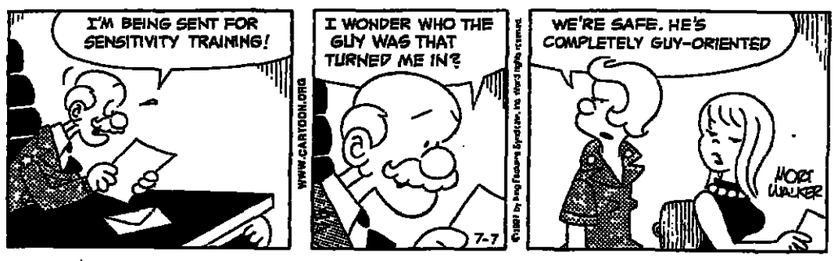
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SPORTS

Australia in Control Against England

The Associated Press

MANCHESTER — The fast bowler Jason Gillespie came out of the shadows of back-to-back centuries by Steve Waugh and took three England wickets to have Australia well poised to wrap up the third test on Sunday.

England was 130 for five at stumps on the penultimate day, with John Crawley (53 not out) and Mark Ealham unbeaten on five.

Another classic innings — 116 to add to his first-innings 108 — by Waugh

CRICKET

and steady lower order contributions left England 468 runs behind with a minimum of 141 overs to be bowled.

Australia declared its second innings at 395 for eight after just 22 minutes' batting after lunch.

England, facing a record fourth-innings total to win, surrendered meekly, largely through some irresponsible batting from senior batsmen.

The only time England has scored over 300 runs in the fourth innings to win an Ashes test was in 1928-29, when it scored 332 for seven at Melbourne Cricket Ground.

South Africa's 145 for seven remains the highest fourth-innings total to win a test at Old Trafford when it beat England by three wickets in 1955.

England lost four wickets for 11 runs off 37 balls as Gillespie took three for five in 19 balls in a telling spell, spread over two sessions before and after tea.

Gillespie trapped skipper Michael Atherton (21) and Nasser Hussain (1) as they played back, and lured a patient Mark Butcher (28) to top edge a hook to Glenn McGrath at fine leg.

McGrath, running in, completed a well judged catch just when the ball appeared to drift away from him and fall short.

Butcher had looked by far the most comfortable of the England batsmen on a gradually wearing wicket against the ominous leg spinner Shane Warne.

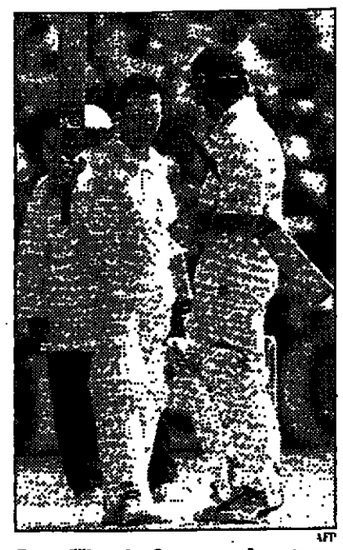
Warne claimed the prized wicket of Alec Stewart just 11 minutes before the tea break.

After Atherton had hooked Gillespie for six and fallen six balls later, Stewart was bowled for one after he failed to get to the pitch of a Warne delivery and left a gap between bat and pad.

Graham Thorpe and Crawley batted for nearly an hour, but a rash shot from Thorpe saw him caught behind by the wicketkeeper, Ian Healy, as Warne claimed his second wicket of the innings.

Gillespie, returning to the side after missing the second Test through injury, took three for 31 after going wicketless in the first innings.

Warne, who passed countryman Richie Benaud's 248 wickets, has claimed an unfinished match-bag of eight for 69 to rekindle memories of his Ashes test debut here in 1993.



AFP

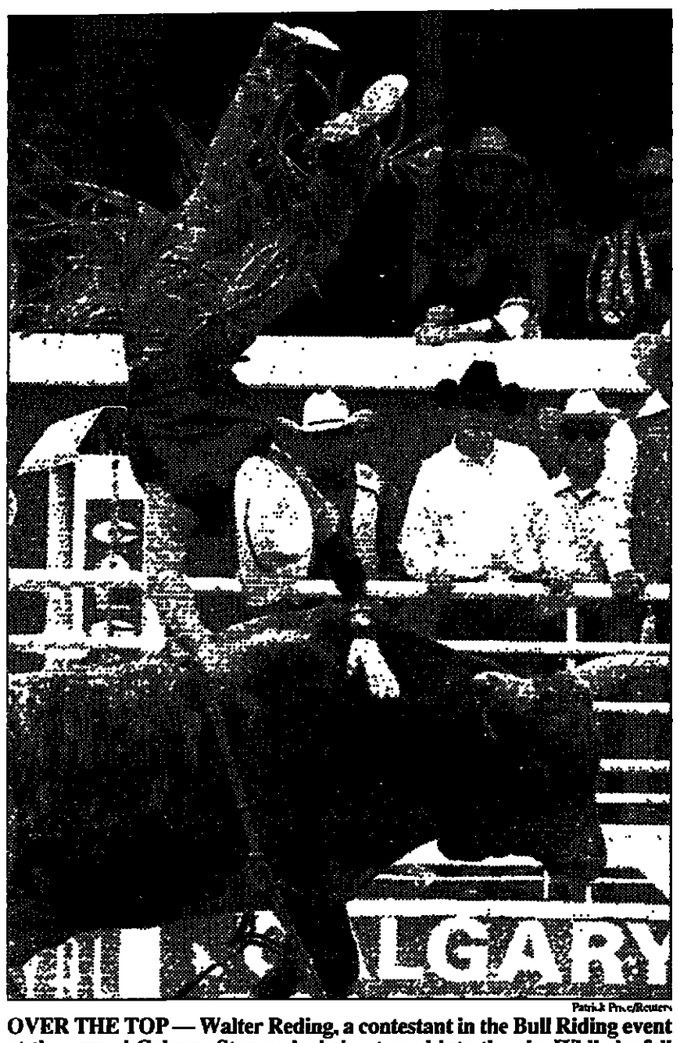
Steve Waugh after second century.

Australia Downs New Zealand in World Cup Qualifying Match

Compiled by Our Staff From Dispatches

SYDNEY — Australia beat New Zealand by 2-0 in the second leg of the Oceania qualifying final on Sunday to move a step closer to winning a place in next year's World Cup finals in France.

Ned Zelic opened the scoring with a superb long-range strike in the sixth minute and Graham Arnold sealed the victory with a goal in the 53rd minute to give Australia a 5-0 aggregate victory after its 3-0 success in last week-



Patrick Price/Reuters

OVER THE TOP — Walter Reding, a contestant in the Bull Riding event at the annual Calgary Stampede, being tossed into the air. While he fell before the regulatory eight seconds had elapsed, he was not injured.

end's first leg in Auckland.

Sunday's triumph maintained Australia's perfect record under its new coach, Terry Venables. The team has now won 11 matches in succession un

WORLD SOCCER

der the former England manager, who said he was delighted with its progress although it had squandered a number of scoring opportunities.

On Saturday night in Santiago, Chile, Marcelo Salas scored three goals to lead Chile to a 4-1 victory over Colombia, whose winless streak in World Cup qualifying stretched to five. Chile (4-3-4) moved into fourth place behind Paraguay (7-1-2), Argentina (5-2-4) and Colombia (5-4-3). The top four teams will all join defending champion Brazil as South America's teams at the 1998 World Cup in France. Salas scored in the 16th, 27th and 41st minutes, while Hamilton Ricart scored for Colombia in the 53rd. *(Reuters, AP)*

South Africans Win Big One But British Take the Series

The Associated Press

JOHANNESBURG — It was a result both sides could live with: South Africa won this battle but the British Lions had already won the war.

With little on the line but pride, the Springboks finally found a kicking game to go along with their running attack to down the tourists in the third test, 35-16, on Saturday.

Percy Montgomery, Joost van der Westhuizen, Andre Snyman and Pieter Rossouw scored tries as the Springboks overcame two Lion comebacks. "It was a painful experience to lose the series," said the Springbok coach, Carel du Plessis. "They really needed this one."

Still, there were plenty of smiles by the Lions, who already had clinched the

RUGBY

series by winning the first two tests, a feat few had given the underdogs much chance of achieving.

"I think people underestimated us," said the manager, Fran Cotton. "It's been a super effort by all involved."

Asked to compare this squad with the virtuoso 1974 team, Cotton said both had a "tremendous sense of purpose."

It was the first Lions tour of South Africa in 17 years, and they are not scheduled to return until 2005. After finishing with 11 victories in 13 matches, there will be plenty of happy memories to take home.

"It's a very hard place to play," said the captain, Martin Johnson. "We knew from the outset that if we didn't play as a team, we didn't stand a chance."

With a crowd of more than 60,000 watching at Ellis Park, the Springbok rugby mecca, it was a match big on hits that left the medics busy stitching cuts.



Peter Andrew/Reuters

Niel Back of the Lions trying to elude a tackle by Pieter Rossouw of the South Africa Springboks.

As NFL Camps Open, Veterans Are Displaced

Steelers and Woodson Have Parted Company

By Thomas George
New York Times Service

PITTSBURGH — Rod Woodson drove across the Pennsylvania-Ohio border last Thursday to buy bushels of fireworks. They were for a Fourth of July weekend show for his family, friends and neighbors in the backyard of his five-acre home in Wexford, Pennsylvania, a Pittsburgh suburb.

Woodson was paying for two stuffed carts when a teen-age boy gingerly approached him.

"Mr. Woodson," the boy began, literally shaking, "you signed my football card a year ago, and I just wanted to thank you again for doing that. You'll always be one of my favorite players even though you broke my heart." Woodson smiled.

Stinging arrows. Broken hearts. That is the Rod Woodson-Pittsburgh Steelers story, soon to be the Rod Woodson-San Francisco 49ers story.

His saga offers a sparkling example of veterans in the National Football League these days, and as teams open training camps over the next few days, fans will find some experienced players in new places.

Woodson, 32 now, gave Pittsburgh 10 years of blood and sweat, building a bond between player and franchise that seemed as if it would last forever.

Ten seasons at cornerback for Woodson in the Steelers' daunting black and gold. Seven Pro Bowl seasons. The Steelers' active career interception leader with 38. The franchise record-holder for punt returns, punt return yards, kickoff returns and kickoff return yards.

A frequent team most valuable player and defensive captain. Named three years ago to the NFL's 75th-anniversary team.

Think Rod Woodson, think No. 26, and you think Steelers. He had become part of the fabric here — just like a piece of the furniture. He was proud of that bond, too.

Splat! Now they have split. Woodson will travel to San Francisco next Sunday, and soon after arriving there his one-year contract with the 49ers will officially be announced. After futile and sometimes bitter negotiations in recent months to keep him a Steeler, all of the stinging arrows have been slung. The broken hearts are left behind.

"I am no different than any man," Woodson said. "I bleed if you cut me. I hurt at what you say. I cry if something happens to my family."

Woodson continued: "The new way of doing business in the NFL is not a pleasant business. Management thinks this is a young man's game. There is no consideration for what you have done, only for what they think you can do.

"After the season, last year, the Steelers wouldn't even talk to me. They never looked me in the face and said, 'Rod, we don't think you can play anymore.' They finally made a low offer that they must have known I would refuse, to make me look like the guy that was running out of town. Well, I am leaving, and I have made this decision with my heart."

Woodson is not alone in changing places. Defensive end Neil Smith will stay in the American Conference West, moving from the Kansas City Chiefs to the Denver Broncos.

Quarterback Jeff George is also in that division; he is an Oakland Raider now. Randall Cunningham leaves the broadcast booth and returns to pro football as a quarterback for the Minnesota Vikings.

Coaches have new homes, too. Among them, Bill Parcells' karma has shifted from the New England Patriots to the Jets, and Bobby Ross has moved from the San Diego Chargers to the Detroit Lions.

But few exits, few splits, have been as emotional and as testy as Woodson's leaving of the Steelers.

"When Franco Harris went to Seattle, that was the most difficult," said Dan Rooney, the Steelers' owner, of his 1970s star running back. "But this thing with Rod is right up

Woodson and the Steelers had a bond that seemed as if it would last forever.

there. Right up to now, I wanted Rod on our team. You can blame it on the salary cap. You can blame it on anything you want. I really wish he was finishing his career with us for a lot of reasons. It hurts."

Woodson is hurt. Rooney is hurt. Steeler fans are hurting.

So, what happened? It began with the 1995 regular-season opener. Woodson planted himself to tackle Barry Sanders, the Lions' free-wheeling running back. Pop! Woodson ripped up his right knee, and he missed every game the rest of that season except for Super Bowl XXX, in which he was in for 12 plays during the Steelers' 27-17 loss to the Dallas Cowboys in Tempe, Arizona.

Last season, Woodson, 6 feet and 200 pounds, earned $3.4 million in the final year of a three-year deal. Before the 1996 season, Woodson, rejected a three-year, $3 million contract.

"I told the Steelers that I wanted this to be my final contract and that I wanted a four- or five-year deal," Woodson said. "They were giving me a pay cut and fewer years. I knew turning down that deal was a gamble. I was willing to take it."

Did the Steelers believe that Woodson simply could not match his old standard?

"There is some truth to that," Rooney said. "But the larger factor was we had to invest a lot in the off season in signing Jerome Bettis. We needed him at running back as a focal point for what this team is going to be built on. So, the deal we offered Rod before the '96 season was unavailable. Things change with time, and players don't understand that when they turn down offers."

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION	W	L	Pct.	GB
Baltimore	55	29	.655	—
New York	48	36	.571	7
Detroit	40	44	.476	15
Toronto	39	43	.476	15
Boston	38	47	.447	17½
CENTRAL DIVISION				
Cleveland	43	36	.544	—
Chicago	42	42	.500	3½
Milwaukee	38	44	.463	6½
Kansas City	36	45	.444	8
Minnesota	37	47	.440	8½
WEST DIVISION				
Seattle	49	37	.570	—
Texas	43	41	.512	5
Anaheim	43	42	.506	5½
Oakland	36	52	.409	14

NATIONAL LEAGUE

EAST DIVISION	W	L	Pct.	GB
Atlanta	57	29	.663	—
Florida	50	35	.588	6½
New York	47	38	.553	9½
Montreal	46	39	.541	10½
Philadelphia	24	60	.286	32
CENTRAL DIVISION				
Pittsburgh	42	43	.494	—
Houston	42	45	.483	1
St. Louis	41	44	.482	1
Cincinnati	38	47	.447	4
Chicago	36	50	.419	6½
WEST DIVISION				
San Francisco	50	36	.581	—
Los Angeles	44	42	.512	6
Colorado	43	44	.494	7½
San Diego	38	48	.442	12

FRIDAY'S LINESCORES

AMERICAN LEAGUE

Minnesota 130 041 202—13 23 0
Milwaukee 000 010 000—1 10 1
D.Stevens, Trombley (6), Ritchie (8) and Steinbach; Karl, Florie (5), Adamson (6), Fetters (8), Villone (9) and Matheny, Sinnett (9). W—D. Stevens, 1-2. L—Karl, 2-10. HRs—Minnesota, Knoblauch (15), Colbrunn (4), Meares (8).

Baltimore 002 110 000—4 7 0
Detroit 021 000 000—3 11 0
Boskie, Rhodes (5), A.Benitez (8), Ra.Myers (9) and Webster; Keagle, Sager (5), M. Myers (8), Miceli (9) and Casanova. W—Rhodes, 6-2. L—Keagle, 0-1. Sv—Ra.Myers (27). HR—Detroit, Hamelin (8).

Baltimore 413 000 000—8 8 1
Detroit 052 400 00x—11 9 2
Mu.Johnson, Mills (4), Orosco (5), Te.Mathews (7), A.Benitez (8) and Lakon; Olivares, Bautista (3), Brocail (6), To.Jones (9) and B.Johnson. W—Bautista, 2-2. L—Mills, 1-1. Sv—To.Jones (12). HRs—Detroit, B. L.Hunter (4), Hamelin (9).

New York 000 000 000—0 2 0
Toronto 000 001 00x—1 6 0
Cone, Lloyd (8) and Girardi; Guzman, Escobar (6) and O'Brien. W—Escobar, 2-0. L—Cone, 8-4. HR—Toronto, Merced (8).

Kansas City 010 300 020—6 12 2
Cleveland 011 002 03x—7 12 1
Rosado, Pichardo (8), Caslan (8), J. Montgomery (8) and Fasano; Br.Anderson, M. Jackson (9) and S. Alomar, Borders (9). W—Br.Anderson, 3-1. L—Pichardo, 2-4. Sv—M. Jackson (11). HRs—Kansas City, Paquette (8). Cleveland, Thome (22).

Boston 000 011 003—5 8 0
Chicago 101 120 001—6 9 1
Suppan, Wakefield (6), Slocumb (8) and McCael; Hatteberg (9); Alvarez, Karchner (8), R.Hernandez (9) and Fabregas. W—R. Hernandez, 5-1. L—Slocumb, 0-4. HR—Boston, Mack (3).

Oakland 101 020 020—6 11 0
Texas 015 010 00x—7 11 0
Karsay, D. Johnson (5), Groom (7), Taylor (8) and Mayne; Khil, Gunderson (7), Patterson (8), Vosberg (8), Wetteland (9) and I.Rodriguez. W—k. Hill, 5-5. L—Karsay, 2-8. Sv—Wetteland (18). HRs—Oak., J. McDonald (2). Tex., Greer (12), L.Stevens (10).

Seattle 000 420 010—7 9 1
Anaheim 000 200 001—3 8 0
Ra.Johnson, S. Sanders (8) and Da.Wilson; D.Springer, Hasegawa (6) and Td.Greene. W—Ra.Johnson, 12-2. L—D. Springer, 4-3. HRs—Seattle, E. Martinez (16), Sorrento (17), Cruz Jr (9). Anaheim, Salmon (13), Erstad (9).

NATIONAL LEAGUE

Chicago 022 001 102—9 12 0
Philadelphia 200 100 000—3 10 0
Mulholland, Bottenfield (6) and Servais; Rueffcorn, R.Harris (6), Blazier (8) and Parent. W—Mulholland, 6-9. L—Rueffcorn, 0-3. Sv—Bottenfield (2). HRs—Chicago, Sandberg (4). Philadelphia, Sefcik (1).

Jefferies (5).
Pittsburgh 100 000 211 2—7 10 0
St. Louis 300 000 200 0—5 11 0
F.Cordova, Sodowsky (8), M.Wilkins (9), Loiselle (10) and Kendall; An.Benes, Fossas (8), T. J.Mathews (8), Eckersley (9) and Difelice. W—M. Wilkins, 6-1. L—Eckersley, 0-3. Sv—Loiselle (10). HRs—Pitts., Ward (1). M. Smith (2). St. Louis, Lankford (17).

Cincinnati 000 301 000—4 7 0
Houston 101 000 000—2 5 0
Morgan, Sullivan (6), Shaw (9) and J. Oliver; Tm.Greene, Magnante (5), Martin (8), B. Wagner (9) and Ausmus. W—Morgan, 3-5. L—Tm.Greene, 0-1. Sv—Shaw (18). HR—Cincinnati, W. Greene (12).

Atlanta 020 100 003—6 11 0
Montreal 100 001 100—3 6 1
Brack, Embree (6), Bielecki (7), Clontz (8), Wohlers (9) and J.Lopez; C.Perez, Urbina (9), Daal (9) and Fletcher. W—Clontz, 4-1. L—Urbina, 2-6. Sv—Wohlers (19). HR—Montreal, R. White (12).

Florida 200 000 000—2 8 3
New York 027 020 01x—6 8 0
A.Leiter, Hutton (5), Helling (7), Whisenant (8) and C. Johnson; R.Reed, Lidle (7), McMichael (8) and Pratt. W—R. Reed, 6-4. L—A. Leiter, 7-6. Sv—McMichael (4). HRs—Florida, Sheffield (9). New York, Gilkey (8), Pratt (1).

Los Angeles 020 012 000—5 12 0
San Diego 101 000 000—2 8 0
Astacio, Radinsky (7), Dreifort (8), To.Worrell (9) and Piazza; Dn.Jackson, Batchelor (6), Bruske (7) and Flaherty. W—Astacio, 5-7. L—Dn.Jackson, 1-7. Sv—To.Worrell (19). HR—San Diego, O. Veras (3).

Colorado 000 000 000—0 1 0
San Francisco 000 111 01x—4 11 0
Jm.Wright, Dipoto (6), S.Reed (8), M. Munoz (8) and Manwaring; Estes, Beck (9) and Berryhill. W—Estes, 12-2. L—Jm.Wright, 4-5. Sv—Beck (28). HR—S.Fr., Kent (18).

SATURDAY'S LINESCORES

AMERICAN LEAGUE

Boston 010 001 122—8 13 3
Chicago 410 030 02x—11 14 4
Avery, Wasdin (6), B.Henry (8) and Hatteberg; D.Darwin, T.Castillo (7), Simas (8), R.Hernandez (9) and Pena. W—D. Darwin, 3-6. L—Avery, 2-2. HRs—Chicago, Cameron (6), F. Thomas (17).

Kansas City 001 300 000—4 6 2
Cleveland 042 010 01x—8 15 0
Pittsley, Bones (5), J.Walker (6), Olson (7) and Macfarlane; Nagy, Mesa (8), Assenmacher (9) and Borders. W—Nagy, 9-4. L—Pittsley, 2-6. HRs—Kansas City, Macfarlane (3). Cleveland, Thome (24), Ramirez (12), Giles (9).

New York 000 011 230—8 14 0
Toronto 000 000 000—0 6 1
Pettitte and Girardi; Henigen, Spoljaric (7), Quantrill (8), Plesac (8), Andujar (9) and B.Santiago. W—Pettitte, 9-5. L—Henigen, 8-6. HR—New York, Fielder (10).

Baltimore 100 020 200—5 8 0
Detroit 200 001 03x—6 8 0
Mussina, Orosco (8), Te.Mathews (8) and Webster; Ju.Thompson, Mlicell (8), To.Jones (9) and Casanova. W—Miceli, 2-1. L—Orosco, 2-1. Sv—To.Jones (13). HRs—Baltimore, Hammonds 2 (14), Tarasco (5). Detroit, Nevin (4), To.Clark (22).

Minnesota 000 000 100—1 4 0
Milwaukee 100 010 00x—2 5 0
Robertson, Fr.Rodriguez (7) and Steinbach; Eldred, Wickman (8), Do.Jones (9) and Stinnett, Matheny (9). W—Eldred, 8-8. L—Robertson, 7-6. Sv—Do.Jones (20). HR—Milwaukee, Volpi (2).

Oakland 000 000 100—1 3 1
Texas 102 021 20x—8 12 0
Wengert, C. Reyes (6) and Ga.Williams; Witt, X.Hernandez (9) and I.Rodriguez. W—Witt, 10-4. L—Wengert, 3-8. HRs—Oakland, McGwire (31). Texas, Ju.Gonzalez 2 (20).

Seattle 100 030 000—4 9 2
Anaheim 000 100 031—5 9 1
Moyer, McCarthy (8), S.Sanders (8), Charlton (8) and Da.Wilson; Pertsho, Grass (6), P. Harris (8), Percival (9) and Leyritz. W—Percival, 3-4. L—Charlton, 2-6. HRs—Seattle, Griffey Jr. (30). Anaheim, Salmon (14).

NATIONAL LEAGUE

Florida 100 010 001—3 12 0
New York 002 002 00x—5 11 0
A.Fernandez and Zaun; M.Clark, Lidle (6), Acevedo (7), Jo.Franco (9) and Pratt. W—M. Clark, 7-5. L—A. Fernandez, 9-7. Sv—Jo.Franco (20). HRs—New York, Alfonzo (6), Baerga (4).

Colorado 010 000 000—1 6 1
San Francisco 000 100 01x—2 8 0
Holmes, M. Munoz (8), S.Reed (9) and Je.Reed; Poole, R. Rodriguez (7), Tavarez (8), Beck (9) and R. Wilkins. W—Tavarez, 2-2. L—M. Munoz, 1-3. Sv—Beck (29). HR—Colorado, Castilla (22).

Pittsburgh 000 000 310—4 9 2
St. Louis 000 101 010—3 9 0
Lieber, Rincon (7), Sodowsky (8), Christiansen (9), M.Wilkins (9) and Kendall; Morris, Fossas (7), T. J.Mathews (8) and Lampkin. Difelice (9). W—Lieber, 6-8. L—Morris, 6-5. Sv—M. Wilkins (1). HR—Pittsburgh, K. Young (10).

Los Angeles 002 000 032—7 12 0
San Diego 000 001 002—3 8 2
I.Valdes, Guthrie (6), Hall (8) and Piazza; Prince (9); Ashby, T.Worrell (8), P. Smith (9) and C. Hernandez. W—I. Valdes, 5-9. L—Ashby, 4-5. HRs—Los Angeles, Karros (20). San Diego, Henderson (5).

Cincinnati 000 000 001—1 3 0
Houston 001 001 00x—2 4 2
Mercker, Belinda (8) and J.Oliver; Kile, B. Wagner (9) and Eusebio. W—Kile, 10-3. L—Mercker, 6-6. Sv—B. Wagner (15). HR—Cincinnati, W.Greene (13).

Atlanta 004 000 001—5 8 0
Montreal 000 002 000—3 8 1
Glavine, Wohlers (9) and J.Lopez; P.J.Martinez, M.Valdes (8), Daal (8) and Widger. W—Glavine, 9-4. L—P.J.Martinez, 10-4. Sv—Wohlers (20). HR—Atlanta, Ch.Jones (14).

Chicago 023 000 110—7 9 2
Philadelphia 002 001 51x—9 14 0
Trachsel, R. Taffs (6), Wendell (7), Patterson (7), T.Adams (7) and Servais; Maduro, Gomes (3), Blazier (6), R.Harris (7), Spradlin (8), Bottalico (8) and Lieberthal. W—R. Harris 1-3. L—Patterson 1-4. Sv—Bottalico (15). HRs—Chicago, Dunston (3), Sandberg (5). Phil., Stocker (1).

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Yakult	46	26	—	.639	—
Hiroshima	35	33	—	.515	9.0
Hanshin	35	36	—	.493	10.5
Yokohama	32	36	—	.471	12.0
Chunichi	32	39	—	.451	13.5
Yomiuri	31	41	—	.431	15.0

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Orix	39	24	1	.619	—
Seibu	38	30	2	.559	3.5
Daiei	38	33	—	.535	5.0
Nippon Ham	34	38	—	.472	9.5
Kintetsu	28	39	1	.418	13.0
Lotte	27	40	2	.403	14.0

SATURDAY'S RESULTS

CENTRAL LEAGUE

Chunichi 6, Yakult 3
Hiroshima 9, Yokohama 8
Yomiuri 8, Hanshin 3

PACIFIC LEAGUE

Orix 7, Lotte 2
Seibu 3, Nippon Ham 2
Kintetsu 11, Daiei 8

SUNDAY'S RESULTS

CENTRAL LEAGUE

Chunichi 6, Yakult 3
Yomiuri 6, Hanshin 2
Yokohama 7, Hiroshima6

PACIFIC LEAGUE

Lotte 3, Orix 0
Nippon Ham 8, Seibu 7
Daiei vs. Kintetsu, postponed due to rain.

BASKETBALL

EUROPEAN CHAMPIONSHIP

SEMIFINAL

Yugoslavia 68, Greece 80

QUARTERFINALS

Russia 70, Spain 67
Italy 66, Turkey 43

11th Place

Croatia 100, Germany 93

9th Place

Israel 91, France 84

CONSOLATION

Lithuania 76, Poland 55
Spain 86, Turkey 81

FOOTBALL

CANADIAN FOOTBALL

FRIDAY'S RESULT

Edmonton 24, Saskatchewan 18

TENNIS

WIMBLEDON

MEN'S SINGLES

FINAL

Pete Sampras (1), US, def. Cedric Pioline 6-4, 6-2, 6-4.

SEMIFINAL

Cedric Pioline, France, def. Michael Stich, Germany, 6-7 (7-2), 6-2, 6-1, 5-7, 6-4.

MEN'S DOUBLES

SEMIFINAL

Todd Woodbridge, Australia, and Mark Woodforde (1), Australia, def. Wayne Black, Zimbabwe, and Jim Grabb, US, 7-6 (7-3), 6-4, 3-6, 6-3.

WOMEN'S SINGLES

FINAL

Martina Hingis (1), Switzerland, def. Jana Novotna (3), Czech Republic, 2-6, 6-3, 6-3.

WOMEN'S DOUBLES

FINAL

Gigi Fernandez, US, and Natasha Zvereva (1), Belarus, def. Nicole Arendt, United States, and Manon Bollegraf (6), Netherlands, 7-6 (7-4), 6-4.

SEMIFINALS

Gigi Fernandez, US, and Natasha Zvereva (1), Belarus, def. Sabine Appelmans, Belgium, and Miriam Oremans (12), Netherlands, 6-1, 6-2; Nicole Arendt, US, and Manon Bollegraf (6), Netherlands, def. Larisa Neiland, Latvia, and Helena Sukova (4), Czech Republic, 6-2, 3-6, 6-1.

MIXED DOUBLES

SEMIFINALS

Andrei Olhovskiy, Russia, and Larisa Neiland (3), Latvia, def. Neil Broad, Britain, and Mariaan De Swardt, South Africa, 7-6 (9-7), 4-6, 6-3; Cyril Suk, Czech Republic, and Helena Sukova (4), Czech Republic, def. Grant Connell, Canada, and Lindsay Davenport (1), US, 3-6, 6-2, 6-3.

QUARTERFINALS

Neil Broad, Britain, and Mariaan De Swardt, South Africa, def. John-Laffnie De Jager, South Africa, and Martina Hingis, Switzerland, 5-7, 6-3, 6-4; Cyril Suk, Czech Republic, and Helena Sukova (4), Czech Republic, def. Tom Nijssen, Netherlands, and Yayuk Basuki, Indonesia, 6-1, 0-6, 6-4.

Grant Connell, Canada, and Lindsay Davenport (1), US, def. Rick Leach, US, and Marion Bollegraf (5), Netherlands, 6-4, 6-4.

CYCLING

TOUR DE FRANCE

Leading placings Sunday in the 192km 1st stage from Rouen to Forges-Les- Eaux :

1. Mario Cipollini, Italy, 5secs, 4 hours, 39 minutes, 59 seconds; 2. Tom Steels, Belgium, Mapei, same time; 3. Frederic Moncassin, France, GAN, s.t.; 4. Erik Zabel, Germany, Telekom, s.t.; 5. Robbie McEwen, Australia, Rabobank, s.t.; 6. Nicolas Jalabert, France, Cofidels, s.t.; 7. Gordon Fraser, Canada, Mutuelle Seine et Marne, s.t.; 8. Nicola Minali, Italy, Batik, s.t.; 9. Francois Simon, France, GAN, s.t.; 10. Mario Traversoni, Italy, Mercatone Uno, s.t.

Leading placings Saturday, in the Prologue leg of the Tour De France:

1. Chris Boardman, Britain, GAN, 8 minutes, 20.90 seconds; 2. Jan Ullrich, Germany, Telekom, 2 seconds behind; 3. Yevgeny Berzin, Russia, Batik, 5 seconds behind; 4. Tony Rominger, Switzerland, Cofidis, 5; 5. Alex Zuelle, Switzerland, ONCE, 5; 6. Peter Meinert-Nielsen, Denmark, U.S. Postal Service 7; 7. Rolf Sorensen, Denmark, Rabobank, 10; 8. Abraham Olano, Spain, Banesto, 10; 9. Laurent Brochard, France, Festina, 11; 10 Christophe Moreau, France, Festina, 12.

OVERALLS: 1. Mario Cipollini, 6:48:09; 2. Chris Boardman, 10 seconds behind; 3. Jan Ullrich, 12; 4. Tony Rominger, 15; 5. Abraham Olano, 20; 6. Tom Steels, Belgium, Mapei, 24; 7. Servais Knaven, 25; 8. Erik Dekker, 27; 9. Oscar Camenzind, 27; 10. Franck Vandenbroucke, 28.

SOCCER

WORLD CUP

OCEANIA ZONE

FINAL, 2D LEG

Australia 2, New Zealand

SOUTH AMERICAN ZONE

Chile 4, Colombia 1

WORLD YOUTH CUP

FINAL

Argentina 2, Uruguay 1

3d, 4th PLACES

Ireland 2, Ghana 1

GOLF

IRISH OPEN

Leading scores Sunday after the final round of the Irish Open at the 6,982-yard par-71 Druids Glen Golf Club:

C. Montgomerie,	Scotland, 68-70-69-69-276
L. Westwood,	England, 65-69-70-72-276
Nick Faldo,	England, 69-73-68-68-278
Ian Woosnam,	Wales, 71-70-70-69-280
Michael Jonzon,	Sweden, 72-64-75-69-280
JM Olazabal,	Spain, 74-71-65-71-281
Daniel Chopra,	Sweden, 71-69-71-72-283
David Tapping,	England, 72-68-69-74-283
Wayne Westner,	S. Africa, 70-70-70-73-283
P. Harrington,	Ireland, 71-72-71-69-283

CRICKET

ENGLAND VS. AUSTRALIA

THIRD TEST, 4TH DAY

SUNDAY, IN MANCHESTER, ENGLAND

England: 162 and 130-5
Australia: 235 and 395-8

RUGBY UNION

THIRD TEST

SATURDAY, IN JOHANNESBURG

Africa 35, British Lions 16

The Lions won the series 2-1.

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

BOSTON —Optioned LHP Ron Mahay to Pawtucket, IL. Activated LHP Steve Avery from 15-day disabled list.

MILWAUKEE —Activated OF Marc Newfield from 15-day disabled list. Optioned INF Antone Williamson to Tucson, PCL.

NATIONAL LEAGUE

ATLANTA —Activated OF Kenny Lofton from 15-day disabled list. Designated OF Danny Bautista for assignment.

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1995. LEHMAN'S RESOLVE KEEPS SEVE AT BAY.
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صكذا من الاصل

صكذا من الاصل

SPORTS

Clemens First to Get to 13

Blue Jay Stops the Yankees on 4 Hits, 2-0

The Associated Press

Roger Clemens became the American League's first 13-game winner, pitching a four-hitter Sunday as the Blue Jays beat the New York Yankees 2-0 to split the four-game series in Toronto.

Clemens (13-3) had 10 strikeouts and one walk in his first shutout since he struck out 20 Detroit Tigers in a 4-0 victory on Sept 18, 1996. Clemens, who hasn't won this many games since 1992 with Boston, lowered his league-leading ERA to 1.69 in his fourth complete game of the season.

Ramiro Mendoza (3-4) pitched well in defeat, allowing two runs on six hits over 7 ⅔ innings. He struck out four and walked four as the Yankees head into the All-Star break with a 48-37 record, tops among AL wild-card contenders.

Indians 8 Royals 7 Marquis Grissom hit an RBI single in the bottom of the eighth inning, giving host Cleveland an 8-7 victory and a three-game sweep over Kansas City, the Royals' eighth straight loss.

Cleveland's catcher, Sandy Alomar, extended his hitting streak to 30 games, the longest in the league in 10 years, with an infield single in the second.

Tigers 14, Orioles 9 Brian Johnson had a homer and three RBIs, and Travis Fryman also homered as Detroit beat Baltimore, its third straight victory after 11 straight losses to the Orioles.

Scott Erickson (11-4) had the worst start of his career for Baltimore, allowing all 12 runs, 11 earned, and 10 hits in 4⅓ innings.

In games played Saturday:

Indians 8, Royals 4 Pat Borders, playing because Sandy Alomar was given the day off, had three hits. Charles Nagy (9-4) got the victory, allowing four runs and six hits in seven innings.

White Sox 11, Red Sox 8 Tony Pena drove in four runs and Mike Cameron knocked in three to lead host Chicago. Frank Thomas, who will miss Tuesday's All-Star game because of sore rib muscles, hit his 17th homer leading off the fifth.

Yankees 8, Blue Jays 0 Andy Pettitte pitched a six-hitter for his first career shutout and Cecil Fielder hit his 299th career homer. Pettitte (9-5) struck out six and walked two in his fourth complete game of the season, winning for the first time in his last five starts.

Tigers 6, Orioles 5 Pinch-hitter Phil Nevin hit a two-run homer for host Detroit and Travis Fryman scored the winning run on a wild pitch during an intentional walk. Baltimore's starter, Mike Mussina, matched his career-high with 14 strikeouts and left with a 5-3 lead after Brian Hunter singled to lead off the eighth.

Brewers 2, Twins 1 Cal Eldred pitched seven innings of three-hit ball as the host Brewers snapped a five-game losing streak. The Twins, who ripped Brewers pitching for 23 hits Friday, managed only two singles through the first six innings off Eldred (8-8).

Rangers 8, Athletics 1 Juan Gonzalez homered twice and drove in six runs and Bobby Witt allowed three hits over eight innings as the host Rangers won their fourth straight.

Gonzalez hit a two-run homer off Don Wengert (3-8) and also reached Carlos Reyes for a two-run shot.

Witt (10-4) allowed just one hit through the first six innings — Mark McGwire's single — before McGwire hit the second longest homer in the history of The Ballpark in the seventh. The ball traveled 449 feet (136 meters) into the club level of the stands, only the fourth ball ever hit that far. McGwire leads the majors with 31 homers.

Angels 5, Mariners 4 Gary DiSarcina singled home the winning run in the ninth inning as the host Angels snapped a three-game losing streak. Todd Greene led off the bottom of the ninth with an infield single off Norm Charlton (2-6) and pinch runner Orlando Palmeiro moved to second on Craig Grebeck's sacrifice. Charlton then balked Palmeiro to third before DiSarcina's single.

■ Yankees Call Off 6-Player Swap

The New York Yankees said they were calling off their six-player trade with San Diego after the Padres' slugging outfielder, Greg Vaughn, failed his physical examination, Reuters reported from Toronto.



John C. Hillery/Reuters

The Orioles' Mike Mussina firing in a pitch against the Tigers. Both teams wore commemorative uniforms of Negro League teams from their cities.

Juden Wins 6th in Row As Expos Avoid a Sweep

The Associated Press

Jeff Juden allowed six hits in his sixth straight victory, and Vladimir Guerrero homered and had three RBIs as the Montreal Expos ended a four-game losing streak by beating the Atlanta Braves by 6-2 on Sunday.

The Expos avoided their first-ever four-game sweep by the Braves, and snapped a six-game losing streak against Atlanta while stopping the Braves' five-game winning streak.

Juden (11-2) and struck out 11 and walked one in his fourth complete game of the season and fifth of his career. He has allowed 12 earned runs in 49 innings over his last six starts, a 2.20 ERA.

Guerrero broke a 2-2 tie with a two-run shot off Denny Neagle (12-2) in sixth inning. He also had an RBI single in a two-run seventh.

In games played Saturday:

Mets 5, Marlins 3 Edgardo Alfonzo, who extended his career-high hitting streak to 18 games, and Carlos Baerga each hit a solo home run to lead the New Mets.

Mark Clark (7-5), who had lost three of his previous four decisions, was the winner, going 5⅔ innings and allowing two runs on 10 hits. John Franco pitched the ninth for his 20th save in 24 opportunities, allowing one run.

Giants 2, Rockies 1 Jeff Kent's RBI single broke an eighth-inning tie and gave host San Francisco the victory over Colorado, which has lost all five of its games in July.

Jose Vizcaino led off the eighth with a liner to left-center off Mike Munoz (1-3) that he stretched into a double. Stan Javier singled to right, sending Vizcaino to third. One out later, Steve Reed came in to face Kent, who lined a single to left to knock in the go-ahead run.

Julian Tavarez (2-2) got one out in the eighth for the victory. Rod Beck pitched the ninth for his NL-leading 29th save as the Giants won their third straight.

Dodgers 7, Padres 3 Ismael Valdes threw five shutout innings before he was injured running out a ground ball in the sixth, and Eric Karros drove in three runs to lead visiting Los Angeles. Valdes (5-9) allowed two hits and struck out three.

Karros's RBI single in the second gave the Dodgers a 1-0 lead, and his two-run homer in the ninth, his 20th, made it 7-1. San Diego's Rickey Henderson collected his 2,500th career hit with an RBI bloop single in the sixth off reliever Mark Guthrie.

Pirates 4, Cardinals 3 Turner Ward had the first four-hit game of his career and drove in the tie-breaking run for visiting Pittsburgh, which extended its winning streak to a season-high six games.

Tony Womack drove in two runs for the Pirates, who have taken the first three games of the series to regain sole possession of first place in the NL Central.

Phillies 9, Cubs 7 Kevin Stocker and Scott Rolen combined for five RBIs as host Philadelphia snapped an 11-game losing streak.

Rolen went 2-for-4 and drove in two runs, including the game-winner in Philadelphia's five-run seventh, while Stocker went 3-for-4 with a homer, three RBIs and two runs scored.

Astros 2, Reds 1 Houston's Darryl Kile lost a bid for his second career no-hitter with two out in the eighth inning when Deion Sanders lined a single to right field. The loss ended a season-high five-game winning streak for the visiting Reds.

Sanders hit an 0-1 pitch to end the no-hit bid. Kile, who had a no-hitter against the New York Mets on Sept. 8, 1993, in Houston, then struck out Curtis Goodwin for his 12th strikeout to match his career-high.

Kile (10-3), who walked four, allowed a leadoff homer to Willie Greene in the ninth inning and was replaced by Billy Wagner, who got three outs for his 15th save.

Braves 5, Expos 3 Chipper Jones hit his second career grand slam and Tom Glavine pitched eight strong innings as Atlanta held on for its fifth straight victory and 10th in 11 games.

Jones, who hit a grand slam on June 25 off the Mets' Bobby Jones, gave Atlanta a 4-0 lead in the third inning, connecting off Pedro Martinez (10-4). Glavine (9-4) won his third straight decision despite a three-run Montreal sixth.

Here's Who Made the Grade During the Season's First Half

By Mark Maske
Washington Post Service

WASHINGTON — As the All-Star break arrives, the most significant first-half trend this year has been the pitching revival.

The earned-run average for all major-league baseball teams before Friday's games was 4.37, down from 4.60 last season. There had been 1.99 home runs hit per major-league game this year, a 9 percent decrease from the average of 2.19 hit in each contest in the record-setting season of 1996.

Here's one first-half report card:

Most surprising team: The Pittsburgh Pirates. They've turned a tiny $9 million player payroll into a contender in the everyone's-aiming-for-.500 National League Central.

Most disappointing team: The Toronto Blue Jays. They signed pitcher Roger Clemens and catcher Benito Santiago as free agents and grabbed right fielder Orlando Merced and second baseman Carlos Garcia during the Pirates' off-season fire sale. But Juan Guzman and fellow starter Erik Hanson have been hurt. The offense has been terrible.

NL most valuable player: Larry Walker, *Colorado Rockies.* Tony Gwynn is making a run at .400, but Walker has been close to .400 and leads the league in home runs, runs, total bases and on-base and slugging percentages.

AL most valuable player: Ken Griffey Jr., Seattle Mariners. Griffey, albeit with plenty of help, has the Mariners in first place, and he's doing it both offensively and defensively.

NL Cy Young Award: Pedro Martinez, Montreal Expos. He had an eight-game winning streak in April and May and still had a 1.74 ERA with 10 victories and 154 strikeouts after Saturday's loss to the Braves. Atlanta's ace-once-again, Greg Maddux, and No. 4 starter, Denny Neagle, aren't far behind.

AL Cy Young Award: Randy Johnson, Mariners. The '95 Cy Young winner is back to being the most overpowering pitcher in baseball and gets the ever-so-slight nod over Clemens.

NL manager of the half-year: Felipe Alou, Expos. His bargain-basement franchise is within shouting distance of first place.

AL manager of the half-year: Davey Johnson, Baltimore Orioles. The revamped Birds have been baseball's best club.

Tyson Faced With Global Suspension

Boxer Would Need Judge's Permission to Fight in Another Country

By Dave Anderson
New York Times Service

NEW YORK — In an Indianapolis courtroom on March 26, 1992, as Mike Tyson awaited sentencing for his rape conviction, Judge Patricia Gifford questioned him about his thoughts on being a role model.

"Do you believe," Gifford asked the boxer, then 25, at one point, "that it's necessary to, for lack of a better word, conform your behavior to certain standards and norms if you are, in fact, a role model?"

"Absolutely," Tyson said.

"You accept that responsibility?" the judge asked.

"Absolutely," Tyson said.

Now, with Tyson about to be suspended by the Nevada State Athletic Commission for his disqualification after biting both of Evander Holyfield's ears in their heavyweight title fight, his courtroom conversation with Gifford five years ago looms as more meaningful than ever.

If not on probation for his rape conviction, Tyson would be free to go to another country to fight while under suspension in Nevada and any other state.

But because Tyson is on probation until March 25, 1999, he would need Gifford's permission to leave the United States to fight anywhere else.

Whatever the length of Tyson's suspension in Nevada, possibly 18 months, the new federal boxing law, which took effect last Tuesday, requires that if another state commission wanted to lift Nevada's suspension, it would need to consult with, and notify the Nevada commission. In the public uproar over Tyson's biting, it's doubtful, even in boxing, that any other state would dare to license Tyson.

But if Tyson were not on probation, he could fight in another country, say Mexico, that was willing to ignore Nevada's ban.

Muhammad Ali once went elsewhere. After he had wobbled through 10 weak rounds against Larry Holmes in 1980, he couldn't get a boxer's license from any state commission. But the Bahamas gladly licensed Ali for his final fight, a 10-round loss to Trevor Berbick late in 1981.

And if Tyson were not on probation, his promoter, Don King, would have already lined up three fights for him somewhere, anywhere.

"But to leave the country," Tyson's probation officer, George Walker, said from Indianapolis the other day, "he would have to seek permission from the court." Meaning Gifford's courtroom.

Biting another boxer's ears, and spitting out the tip of Holyfield's right ear, would not seem to conform to what Gifford, in her 1992 courtroom conversation with Tyson, considered "certain standards and norms" for a role model.

So if Gifford were to deny Tyson permission to leave the country, Nevada's suspension would really be a world suspension.

The irony of what might turn out to be Tyson's boxing death wish occurred in Las Vegas five nights after he talked about how, of all the former heavyweight champions, he identified mostly with Sonny Liston, who died in 1970 in Las Vegas of a heroin overdose at the age of 38.

Just as Tyson did three years in an Indiana prison for rape, Liston, once a labor goon, did time in the Jefferson City, Missouri, penitentiary before he dethroned Floyd Patterson as the heavyweight champion in 1962.

"This might sound morbid and grim but I pretty much identify with him," Tyson said of Liston in a rambling conversation with boxing writers nearly two weeks ago. "He just wanted people to love and respect him, but you can't make people love and respect you. You just have to be who you are."

FOR BETTER or for worse, Tyson is who he is, just as Charles (Sonny) Liston was who he was.

After Liston lost the heavyweight title in 1964 to the then Cassius Clay while sitting on his stool with an alleged damaged shoulder after the seventh round in Miami, their rematch was scheduled for Boston.

But after Ali's hernia postponed the fight, Massachusetts decided not to sanction it.

In the eventual rematch in Lewiston, Maine, in 1965, Liston was a first-round loser, knocked down by Ali's looping overhand right that some boxing people considered a "phantom" punch. After confusion over the count by the referee, Jersey Joe Walcott, the fight was stopped with Liston on his feet.

"He was absolutely a great fighter," Tyson said of Liston. "He may have got a raw deal, but we all write our own books in life. Most of the time we bring trouble on ourselves."

In Liston's final fight, six months before his death on Dec. 30, 1970, he stopped Chuck Wepner, the Bayonne Bleeder, in the Jersey City Armory.

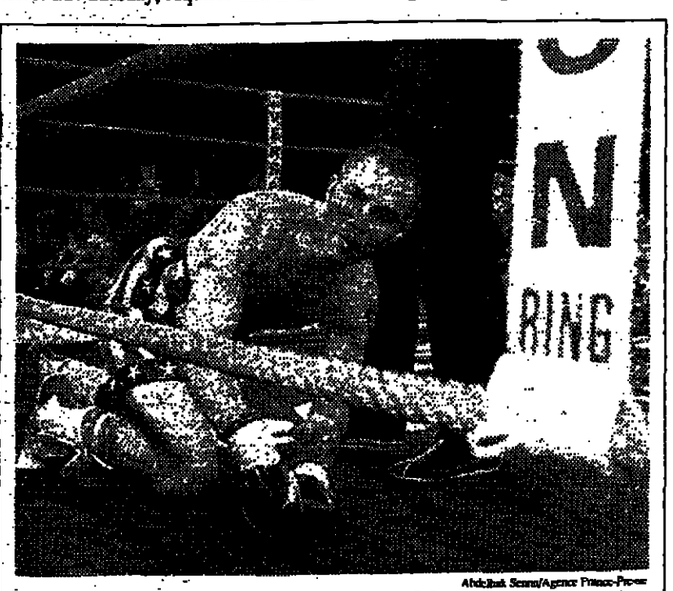
But even as the heavyweight champion who had destroyed Patterson in two first-round knockouts, Liston had been refused a boxer's license in New York, then the most respected state commission, because of his criminal record and alleged criminal connections.

Now Tyson is due to be suspended and might be fined the maximum 10 percent of his $30 million purse, pending the outcome of Wednesday's hearing by the Nevada commission.

For Tyson to identify with Sonny Liston isn't surprising. Tyson grew up in the streets of Brownsville, where thugs and drug dealers were neighborhood celebrities.

Part of his attraction to Don King was the promoter's having done time in Ohio for manslaughter.

But if and when Mike Tyson seeks permission to leave the country to fight, his ear-biting of Holyfield isn't very likely to conform to Gifford's standards and norms for a role model.



Abdelhak Senna/Agence France-Presse

DOWN AND OUT — Marty Jakubowski of the United States reeling after being knocked out in the 7th round by Khalid Rahilou of France, who defended his WBA junior welterweight title in Casablanca.

THIS WEEK ON EUROSPORT

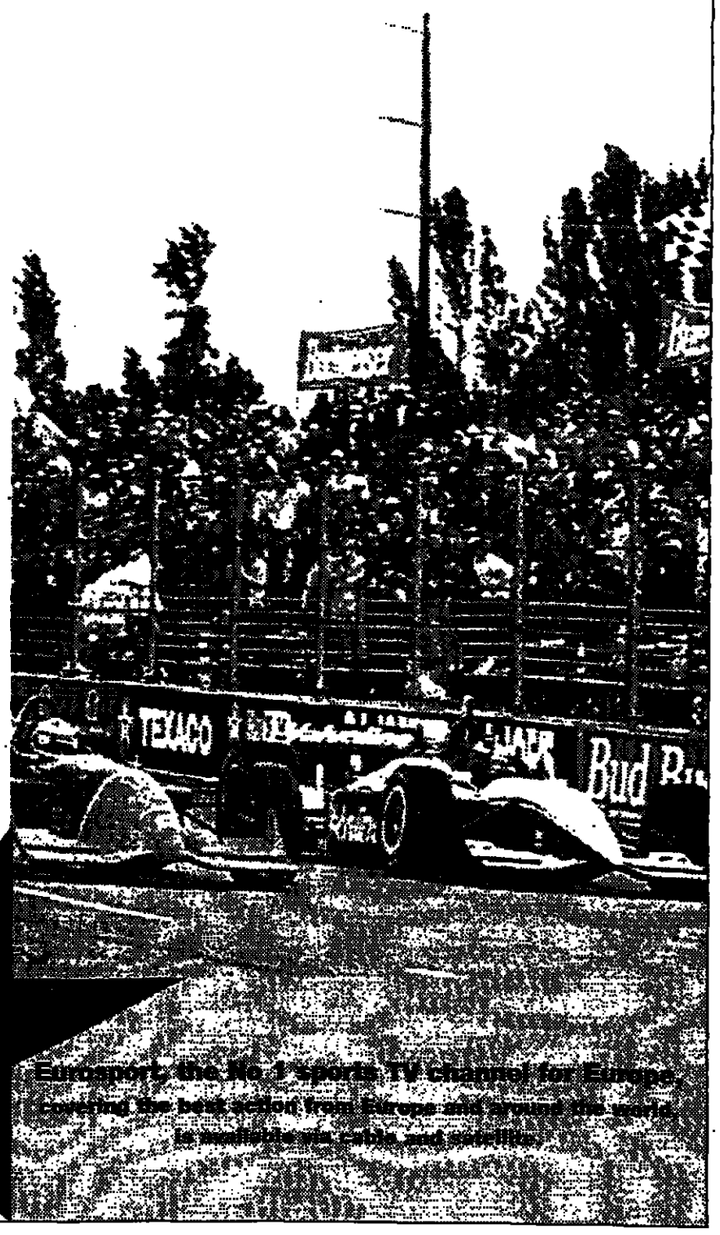
After the closest finish in Indy car history, Mark Blundell and Gil de Ferran meet again in Cleveland; can Blundell again come out on top?

Indy car:
13 July, LIVE,
PPG CART World Series,
Cleveland
The temporary road course at Burke Airfield hosts the tenth round of the Championship

Cycling:
7 - 27 July, LIVE,
The Tour de France
The 198 riders who lined up at the start of the race will be settling down as the race heads towards Pau in the Pyrenese

Athletics:
7 July, LIVE, IAAF Grand Prix 1, Stockholm
Stockholm host one of the most important one day meetings of the season

Tennis:
9 - 13 July, LIVE,
The Rado Swiss Open,
Gstaad
Yevgeny Kafelnikov and Marcelo Rios head the rankings for "Wimbledon in the Alps"



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CRICKET Australia Is Poised p. 18 **RUGBY** South Africa and Britain Battle p. 18 **BOXING** Tyson Waits p.19

TOMORROW STYLE

Herald International Tribune
SPORTS

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WORLD ROUNDUP

A Roaring Finish For Montgomerie

GOLF Colin Montgomerie began preparations for the British Open in two weeks with a stunning defense of his Irish Open title Sunday.

Montgomerie, three strokes behind Lee Westwood's third-round total of 9-under-204 at the start of the day, played nearly perfect golf as he fired a blistering course-record 9-under-62 to power past Westwood for a 7-stroke victory.

Montgomerie shot one eagle and eight birdies — including four out of five from the short eighth — to finish on 15-under-269 at Druids Glen Golf Club in Dublin Westwood, unable to maintain the form which had given him the lead for the first three rounds, shot 1-over and finish second on 276. *(AP)*

• Tiger Woods pumped his fist after sinking a lengthy birdie putt to tie for the third-round lead at the Western Open in Lemont, Illinois. Woods's finish left him tied with Loren Roberts (66) and Justin Leonard (72) at nine-under 207 with one round to go. *(Reuters)*

Russians Take Third

BASKETBALL Russia picked up third-place in the European Basketball Championship Sunday, walking over Greece, 97-77, in a consolation game in Barcelona The triumph was bittersweet for a Russian team that had its eyes set on facing the defending champion Yugoslavia, which met Italy in the final on Sunday night. But Italy slipped into the title game after defeating Russia in the semi-finals. *(AP)*

'Backdoor Money'

ATHLETICS The former world record holders Steve Cram and Derek Ibbotson and the Olympic champion Chris Brasher have admitted taking money to race when they were amateur athletes.

"It was all backdoor money, brown envelopes, that sort of thing," said Brasher, who was Olympic steeplechase champion in 1956. The three Britons make their admissions in a BBC radio program due to go out on Wednesday. *(Reuters)*

New Coach for Flyers

HOCKEY Wayne Cashman, an assistant coach with the San Jose Sharks, will be hired as head coach of the Philadelphia Flyers on Monday, the Philadelphia Daily News reported. *(AP)*

A Bid for Baggio

SOCCER The English side Derby County has made a multi-million dollar bid for Roberto Baggio. Italy's Gazzetta dello Sport newspaper reported Sunday that Derby was prepared to spend 27 billion lire ($16 million) to sign Baggio from AC Milan. *(Reuters)*

What Boxing Pays

BOXING Despite the negative publicity generated when Mike Tyson twice bit Evander Holyfield before being disqualified in last week's WBA heavyweight championship bout, Las Vegas remains positive about boxing for one simple reason: money.

The final numbers are not in yet for the pay-per-chew telecast, but it most likely will gross from $90 million to $95 million, according to a spokesman for Showtime. The sellout live gate at the MGM Grand Garden grossed more than $14 million, and the MGM sold out two closed-circuit telecasts for $75 per seat.

It's estimated the fight generated $8.9 million more in nongaming revenue for the city than the same weekend a year ago. *(WP)*

Wimbledon Hails Sampras Again

Victory Over Pioline Is American's 10th Grand Slam Title

By Ian Thomsen
International Herald Tribune

WIMBLEDON, England — By the sixth minute, it was clear that they were arguing about entirely different topics.

No. 1 Pete Sampras was trying to win his 10th Grand Slam title, which would move him within reach of the all-time greats. Cedric Pioline, on the other hand, was merely trying to hold serve in the third game. He did not.

It took Sampras 94 minutes on Sunday to finish off his fourth Wimbledon singles title in five years, 6-4, 6-2, 6-4. Only three players have won the tournament more times. By this time next year Sampras may have moved past his boyhood idol, Rod Laver, and into a tie with Bjorn Borg, who holds the post-World War I record of five Wimbledon championships.

"To have won 10 by the age of 25 is something I never really thought would happen," Sampras said of his collection of major titles. "This is what's going to keep me in the game, I hope, for a lot of years, the major tournaments. I put so much pressure on myself to do well here. It makes it all worth it, all the hard work I put into the game."

This title seemed to belong to Sampras when he beat Boris Becker in the quarterfinal last week, a victory so thorough that Becker announced his retirement from Grand Slam tennis during their handshake at the net. "The Becker match was the big match for me — it was the one I feared the most," Sampras said.

That match, in particular, put Sampras on a higher, more hazardous plane. If Becker was washed up at 29, with just one Grand Slam title in the last six years, then where will that leave Sampras? Though he will turn only 26 next month, Sampras became the oldest Wimbledon singles champion since 1982, when Jimmy Connors was 29.

Although Becker, Borg, John McEnroe and Stefan Edberg all retired or suffered decline by the time they were his age, Sampras himself indicated he was peaking — that this was his best performance yet in a major tournament. He held serve in all but two of 118 games. "I don't think I've ever played so consistent," he said.

He ignored the downfall of the others. He also said that Connors, who went on to win the U.S. Open at 31, would be his role model for the second half of his career.

His 10th major title (out of 12 Grand Slam finals overall) puts Sampras even with Bill Tilden. Borg and Laver — who was sidelined for a half-decade until the Grand Slams were opened to professionals in 1968 — had 11 such titles. Roy Emerson of Australia holds the record of 12.

Sampras leaves little doubt that this is his magic number, his chance to become known as the greatest player of them all, provided he can win the French Open to complete his Grand Slam collection. "To have won 10, it just makes me feel that 12 is something that's so much more realistic, that I can break the record," Sampras said.

To be fair to his victim, No. 44 Pioline did not play badly. He was the first Frenchman finalist since 1946, when Yvon Petra became the last champion to wear long trousers. Pioline had lost all seven of his previous meetings with Sampras, including the 1993 U.S. Open final, and he just never had a chance after losing serve in the third game. Each of his little victories on Sunday was punished ruthlessly. In the final game of the first set, after winning the day's longest "rally" (seven strokes) with a lob that stood him a couple of points from breaking even, Pioline was served out by Sampras, who had 17 aces overall.

The 28-year-old Parisian maintained a high, teeth-clenched level four games into the middle set, after which Sampras decided, with some ambivalence, to break him twice.

Pioline thought he was getting somewhere when he took Sampras to deuce early in the final set, only to have his own serve snapped at love in the third game. In the seventh game, after 87 minutes, Pioline actually threatened, though in vain, with a break point. "I started thinking about the actual championship," Sampras explained afterwards, no malice intended.

For three miserable months, Sampras had won just three of nine matches before something deep was stirred within him at Wimbledon. He may seem gentle, even dull, to the fans who have grown to respect him; but to Pioline he must have looked fearsome.

"He's playing very good, but, I mean, it's not God," Pioline said of Sampras. "I think I can improve my game and maybe next time do better, and I have to believe in that."

So must the rest of the world. But if it's revenge they're wanting, they'd better go looking for it in Cincinnati, Hannover or Key Biscayne — not Wimbledon.



Kevin Lamarque/Reuters

Pete Sampras leaping Sunday to hit a return to Cedric Pioline of France.



Frank Leonhardt/Agence France-Presse

Martina Hingis and her trophy.

Hingis Is Tourney's Youngest Champ in 110 Years

By Ian Thomsen
International Herald Tribune

WIMBLEDON, England — "Maybe I'm too young to win this title," said Martina Hingis, 16 years and 9 months old, after becoming the youngest Wimbledon singles champion of the century.

She won her second Grand Slam title of the year with a 2-6, 6-3, 6-3 victory over No. 3 Jana Novotna on Saturday. The only singles champion younger than Hingis was Lottie Dod, who was 15 years and 285 days old when she won Wimbledon in 1887.

Hingis was 5 years old when Novotna started trying to win Wimbledon. All of Novotna's advantages — her age and strength at 28, her affinity for the grass court — showed in the first four games, which she won. She took the first set, then looked like she might win the match in straight sets to win her first major title and overturn the memories of her crying on the Duchess of Kent's shoulder four years ago, after she had let the Wimbledon title slip away to Steffi Graf. The first set and a half on Saturday seemed like her revenge for that stinging loss.

"I felt like a beginner out there," said Hingis, the first Swiss woman to win Wimbledon.

Then the audience began noticing Hingis, almost taking pride in her resiliency, as if they were parents realizing that their little girl was a little girl no longer. She began standing up for herself by holding serve. Next she lined up her passes and shot them into the corners as if trying to run a billiards table.

When Novotna was broken in the sixth game of the second set, the match was basically even. Hingis finished her off by coming forward herself, attacking, taking what she had synthesized from Novotna in the previous hour and using it against her.

This time Novotna did not "choke," as she has done notoriously in the past. She was overtaken by a champion coming into bloom. Hingis has won 44 of her 45 matches this year, but this was the first victory to put her in the class of her diminished rivals, Graf and Monica Seles.

Afterward, the two native-Czech players chatted on court as if nothing special had happened. Novotna, who said she had been limited by a pulled abdominal muscle, seemed relieved to have lost with dignity; Hingis walked around the floor of Centre Court with the large silver plate like the teenager she is, the one who grew up believing she would become the Wimbledon champion someday.

"I saw a couple of times that Steffi was doing it on TV when I watched her, so I was just trying to make the same thing," Hingis said of her victory lap. "All the people they stand up, and I almost felt to cry, because it really happened to me."

Novotna asked to hold the winner's trophy for a moment, as a joke, before Hingis grabbed it back from her. "Mine," Hingis said, playing out her part, and she gave the silver plate a hug as if it were a teddy bear. Watching from the audience was the champion's mother, Melanie Molitor, her hands pressed together softly under her chin, and a finger pushing away a tear so she could see more clearly her little girl, the new queen of tennis.

Cipollini Leads Tour After Crash-Marred First Stage

By Samuel Abt
International Herald Tribune

FORGES LES EAUX, France — A mass crash on a narrow road in Normandy about 11 kilometers from the finish line shook up the Tour de France on Sunday and left a few of its early favorites, like the defending champion, near the back of the pack.

This was only the first of 21 daily stages before the bicycle race wends its way to the finish in Paris, so nothing that happened Sunday is written in fast-setting cement.

For example, Mario Cipollini, the dominating Italian sprinter, will certainly not be wearing the overall leader's yellow jersey when the 3,950-kilometer (2,450-mile) journey is done because there are many mountains ahead and he is a man of the plains.

But after the 192 kilometers that the Tour covered Sunday in sunny and hot weather, there he was, pulling the emblem of overall leadership over his head. He won five stages in the Giro d'Italia last month and is obviously in splendid condition.

He finished the stage from Rouen to Forges les Eaux with his arms upraised in his customary sign of victory, a clear winner of the final sprint up an incline 150 meters (165 yards) long. Cipollini, who rides for the Saeco team, does not usually like uphill finishes, except when he wins them.

"I came around that last corner and just hit it," he said afterward. "A wonderful victory."

A fashion plate who was frequently fined in last year's Tour for wearing a flashy uniform that did not conform to his team's, Cipollini alone was decked out this time in red, white and blue, star-spangled shorts in honor of his bicycle supplier, Cannondale, an American company. Too bad the 84th Tour de France did not begin on Friday, the Fourth of July.

Second was Tom Steels, a Belgian with the Mapei team, a bit of front wheel ahead of Frederic Moncassin, a Frenchman with Gan. Erik Zabel, a German with Telekom, Robbie McEwen, an Australian with Rabobank, Nicolas Jalabert, a Frenchman with Cofidis, and Gordon Fraser, a Canadian with Mutuelle de Seine et Marne, were fourth through seventh.

All these sprinters finished in the same time as Cipollini — 4 hours, 39 minutes, 59 seconds — since all riders in an unbroken stream get the same clocking. But Cipollini also picked up a 20-second time bonus for winning.

That, combined with bonus times he gained in intermediate sprints, deducted enough of his deficit in the prologue Saturday night to let him take the yellow jersey from Chris Boardman, a Briton with Gan. (Cipo promised to wear yellow shorts and perhaps ride a yellow bicycle on Monday.

Boardman, the prologue winner, led the Italian by 18 seconds when the stage started. When it ended, he was in second place overall, 10 seconds behind, and still first in a group of the real contenders for overall victory.

Jan Ullrich, the 23-year-old wunderkind with Telekom who finished second in last year's Tour, was right behind Boardman, who completed the prologue two seconds ahead of him. Then, in order, came Tony Rominger, a Swiss with Cofidis, and Abraham Olano, a Spaniard with Banesto.

They all finished in the first group of about 60 riders who were positioned ahead of the crash. The rest of the 198-man starting field was cut into two packets, those who got going ahead quickly and those who didn't.

The third group finished more than a minute and a half behind and included such major riders as Alex Zulle, a Swiss with ONCE who won the last Vuelta a Espana and has finished second in the Tour, and Luc Leblanc, a Frenchman with Polti who was fifth in the last Tour.

Zulle, who is riding with a surgically repaired left collarbone after a crash and fracture in the Tour of Switzerland two weeks ago, was impeded but not injured in the crash.

The second group of finishers was nearly a minute behind the first group and included Ivan Gotti, the Italian winner of the recent Giro, and Bjarne Riis, the Dane with Telekom who won the 1996 Tour.

Thirteenth in the prologue, 15 seconds behind Boardman and 13 behind Ullrich, he now finds himself trailing his teammate and suspected rival by a significant 1:11.

As a loyal rider should, Ullrich has been saying that, of course, he will support Riis's efforts to win a second Tour. But, he has added, if he should find himself within striking distance on July 26, the day of the final long time trial and a day before the Tour ends, he will not hesitate at all to ride for himself.

That sentiment must chill Riis, who remembers how easily Ullrich finished first in the final time trial last year and how he almost overtook the eventual overall champion.



Pascal Pavani/Agence France-Presse

Mario Cipollini riding Sunday.



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